

EUROPEAN NEWS

German leaders call for 'wave of investment'

By David Marsh in Bonn and Andrew Fisher in Frankfurt

THE LEADERS of West and East Germany yesterday issued a joint appeal for a wave of corporate investment in East Germany to lower the risks of mass unemployment and social unrest.

Mr Helmut Kohl, West German Chancellor, and Mr Lothar de Maizière, East German Prime Minister, urged companies to look at East Germany as a production site rather than as a market for western products.

The warnings, on the eve of German economic and monetary union on Sunday, came in speeches to a meeting of industrialists and trade unionists in Bonn. They reflect fears that the corporate sector's investment hesitancy could lead to large-scale popular disappointment in East Germany about the effects of the arrival of the D-Mark.

As the leaders of the not-yet-merged Christian Democrat parties in West and East Germany, Mr Kohl and Mr de Maizière are concerned to boost confidence, to increase their polling chances in December's all-German elec-

tions. Mr Kohl said the plans followed by many West German companies to service the East German market were "in no way sufficient". Inevitable unemployment must not be blamed on the arrival of free markets, but on 40 years of socialism, he added.

Mr Theo Waigel, West German Finance Minister, added his own assurances before Sunday's introduction of the D-Mark to East Germany yesterday, telling industrialists that there was no danger of inflation following monetary union.

Mr Waigel said he and the Bundesbank had correctly predicted that East Germans would not go on a spending spree next week - a view echoed by Mr Karl Otto Pöhl, Bundesbank president, in remarks after yesterday's council meeting of the bank. The Bundesbank also said yesterday that its next fortnightly council meeting on July 12 would be held in East Berlin for the first time.

Spain threatens action over telephone services

By Lucy Kellaway in Brussels

SPAIN threatened to take the European Commission to court yesterday over its planned implementation of a directive that will free the rapidly growing market in telephone services.

At a meeting of telecoms ministers in Luxembourg yesterday, the Spanish minister spoke out against the directive, which based on the controversial Article 90 of the Treaty of Rome.

This article is unpopular with member states as it allows the Commission to intervene directly to prevent

monopolies from acting against the wider Community interest.

Its use is already being tested in the European Court of Justice on an earlier directive on telecoms equipment, and a judgement is expected by the autumn.

The telecoms services directive will come into force on the same date as a second measure, adopted yesterday by member states, that will set common standards for the technical conditions of access by small private companies to public telephone networks.

Radicals step up preparations to force split in Soviet party

LEADING radicals in the Soviet Communist Party yesterday stepped up preparations for an open split in the party, urging members to suspend payment of their dues, and begin to set up alternative party structures, Quentin Peel reports from Moscow.

The so-called Democratic Platform in the ruling party claims the support of at least 2.5m members, over 10 per cent of the party's 20m members, and would be well placed to create the first serious opposition in a multi-party system.

The move came as Mr Mikhail Gorbachev and his allies in the party leadership struggled to stop the split happening at next week's full-scale party congress.

But the congress seems certain to be dominated by conservative members of the full-time party apparatus, as was the founding congress of a new Russian Communist Party last week.

The latest blow to reformers came yesterday in publication of new draft rules for the party, contrasting with the reformist draft policy state-

ment on Wednesday, in asking significant concessions to party loyalists.

The new document proposes that "democratic centralism" - strict obedience to the decisions of higher party bodies - will stay at the core of the party structure. Only the day before, the proposed policy statement "strongly rejected" democratic centralism "as it existed under the command administrative system".

The new rules go some way to meeting the reformers' demand for greater party democracy, in overhauling the

leadership structure, and insisting on greater openness in party work.

They would create a new post of party chairman - elected at full congresses, and not by the central committee - as the party leader, and relegate the job of general secretary to an administrator co-ordinating party bureaucracy.

The politburo would be replaced by a presidium, with size and membership left open, though Mr Gorbachev wants all republican party leaders automatically included. The new body would be

much more unwieldy than the Politburo, effectively leaving more power to an elected state president.

The rules also allow press coverage of party meetings, publication of draft documents and the right of rank-and-file members to attend higher bodies. But the rules suggest that organised party factions, with internal discipline, must be rejected, allowing only loose "platforms" of common interest groups.

The draft rules and draft policy will be submitted today to a meeting of the 300-strong

party central committee for endorsement before the congress, setting the scene for Mr Gorbachev's first big battle. That meeting is expected to discuss postponing the congress entirely until autumn, in an attempt to delay the looming division.

"Democrats" within the ruling party want it to become more than a parliamentary party, not claiming any right to be the "vanguard" and divesting itself of its huge party property, to allow development of a genuine multi-party system.

Business TV channel shuts

MR James Long, editor-in-chief of the Zurich-based European Business Channel, which will close down after filing for bankruptcy, said yesterday he would try to keep his team of journalists together to try again, Raymond Snoddy writes.

Mr Long is hoping that a new investor will come along to back "the most professional team I have worked with in my life".

'No' to immediate fighter pull-out

THE West German government has rejected an immediate pull-out from the four-nation European Fighter Aircraft (EFA) project on the grounds that this would cost the Bonn taxpayer nearly DM5bn (£1.75bn), David Marsh reports from Bonn.

But Mr Gerhard Stoltenberg, the Defence Minister, in a letter to the chairman of the Bundestag budgetary committee, left open the possibility Bonn could scrap the project when a decision on procurement is made in 1993. EFA, costing the West Ger-

man government about DM5bn to develop, would suffer a critical setback, though possibly not a terminal one, if the West Germans were not to continue through to the procurement stage.

Since the Free Democratic Party, junior partners in the Bonn coalition, now sides with the opposition Social Democrats in calling for a pull-out, a West German decision to end its EFA commitment seems now to be only a matter of time. Defence Ministry officials

however continue to say that "nothing has been decided". Mr Stoltenberg justified continuing the development stage by saying it would give the civil aircraft industry valuable technological expertise in areas such as radar, materials, avionics and computer systems. The Bonn Defence Ministry puts the budgetary cost of developing the aircraft and building 250 of them for the Bundeswehr at DM2.3bn. The Social Democrats say the one-third German share could cost DM100bn.

East German consumer spending spree unlikely after union says survey

By Stephen Fidler, Euromarkets Correspondent

A SURVEY said to be the first to gauge East German consumer intentions suggests a consumer spending spree will not follow the weekend monetary and economic unification.

The results of the survey suggest the impact on growth of the economy and on inflation in West Germany will be more modest than many predictions.

The survey of 1,000 consumers interviewed across East Germany, commissioned by Bank of Tokyo Capital Markets, suggests that 53 per cent of savings converted into D-Marks will be deposited in long-term savings products. Only 19 per cent of savings will be spent in the first six months, of which a good proportion would be used to buy property rather than consumer goods.

The survey, conducted by NOP of the UK, said 15 per cent of consumers described property as being in the top three most likely purchases in the six months following monetary union.

It also shows only 8 per cent of those interviewed would consider investing in state-owned enterprises. Of those living in state-owned accommodation, 60 per cent said they would not consider buying

their own home. However, more than a quarter of the 16 per cent of the people interested in buying property said they would look to buy in West Germany rather than in the east. This may suggest more emigration to the west.

About East German Marks 188bn now lodged in savings accounts in East Germany will be converted into D-Marks and from July 9, consumers will have full access to the funds.

Mr John Hall, Chief Economist at the Bank of Tokyo, says the survey suggests unification will boost gross domestic product growth by only three-quarters of a percentage point.

Under pessimistic assumptions, he estimates this will add 0.45 percentage points to the rate of inflation, leaving it at about 3 per cent by year end. His estimates follow a simulation using the model of the West German economy of Oxford Economic Forecasting.

With East Germany experiencing open inflation and most inflationary pressure, Mr Hall said he does not expect the Bundesbank to raise interest rates this year except in the case of pronounced D-Mark weakness.

Worthless banknotes sent down the mines

EAST EUROPEAN communist leaders once sent their political prisoners down salt mines but East Germany's newly democratic government is reserving that fate for billions of worthless banknotes. Reuters reports from East Berlin.

When the West German mark takes over as the single German currency on July 1, East Germany's communist-issued money will be dumped deep in abandoned shafts once used to mine salt or even uranium, where they will slowly decompose.

"Banknotes do not burn in dumps," said a spokesman for East Germany's central Staatsbank. "They are not just made of paper, but of cotton and chemical dye too. The dye emits poisonous fumes when burned. We will let nature do the work for us, even if it takes rather longer this way."

A blast furnace near Leipzig has already begun melting down East Germany's lightweight coins for aluminium.

For the moment, coins worth 50 pfennigs (30 cents) and less will be in circulation because the Staatsbank cannot cope

with huge quantities of small change and it will take time to convert public telephone boxes and coin-operated machines.

"You will still be able to buy a book-worm (sausage) and bear with the old money," the Staatsbank spokesman said. "Both sides were keen to abolish the old Reichsmark. It had become so worthless after World War Two that black marketeers used to light their American cigarettes with rolled up one hundred mark notes."

While the communist government maintained an official one-to-one rate, black market traders over the years offered up to 20 East German marks for one West.

The East German money was as fit as a new penny. East Germans nicknamed their small banknotes "Monopoly money."

Colourful artwork did not enhance the currency's buying power. On one side, the notes feature portraits of Goethe, Marx and an array of communist heroes. On the other are idyllic scenes from socialist life: combine harvesters reaping lush wheat fields, happy children skipping out of school, a laboratory worker sitting at a desk of high-precision instruments.

East German marks may acquire greater value as collectors' items than they ever had as money. A limited edition of gold 10-mark coins issued last October to mark East Germany's 40th anniversary are already in demand. West German newspapers reported one was auctioned for DM40,000 (\$24,000).

THE OECD ECONOMIC OUTLOOK

Industrialised world settles into 3% sustainable growth rate

Peter Norman finds good and bad news in the OECD's latest assessment of the west's economic prospects

THE good news in the latest Economic Outlook from the Organisation for Economic Co-operation and Development (OECD) is that economic activity in the industrialised world has settled to a sustainable 3 per cent annual growth rate.

The bad news is that the uncertainties surrounding this prospect are "substantially larger" than six months ago.

The OECD's latest half-yearly review of economic trends sees little change from the current 3 per cent average growth rate, 4.5 per cent inflation and 6.5 per cent unemployment in the 24 member countries over the next 18 months.

However, it warns that developments in central and eastern Europe, the widespread increase in long-term interest rates since last September, exchange rate changes and frailties in certain financial markets such as the US could harbour dangers for the world econ-

omy. The Outlook says achieving sustained growth of output and employment in the 1990s depends on:

- durably low inflation;
- a stable economic environment; and
- attention to a broad range of economic policies that influence the level of investment, its productivity and the efficient use of resources.

While noting there has been considerable progress on reforming member countries' economic structures, the report warns that the world's open multilateral trading system "is under threat from a wide range of opaque, non-tariff restrictions". It repeats the OECD's recurring complaints about "very costly" farm policies.

The OECD's main forecasts for the world economy over the next 18 months were released without comment before its annual ministerial meeting a month ago. They remain

GROWTH OF REAL GNP/GDP IN THE OECD

(% change, annually adjusted at annual rates)

Country	'89	'90	'91
US	3.0	2.3	2.5
Japan	4.9	4.7	4.0
Germany	4.0	3.9	3.4
France	3.7	3.1	2.9
Italy	3.2	3.1	3.2
UK	2.3	0.9	1.9
Canada	2.9	2.0	2.8
G7 Total	3.5	3.0	3.0
Other OECD countries	3.8	2.5	2.7
Total OECD	3.8	2.9	2.9

Source: OECD

unchanged in the Economic Outlook.

This week's report makes clear that inflationary pressures are a continuing source of concern to the organisation. While average infla-

tion "is projected to crest this year after a few years of slow upward drift," it notes there has been no clear turnaround yet in countries such as Britain, where demand pressures have been greatest.

Moreover, some slippage has been seen over the past year in low inflation countries such as Japan and West Germany. In the OECD's view the balance of risks concerning inflation in the industrialised world "appears to lie on the upside," although the risk is uneven across countries.

The OECD warns that its member countries are operating near to, or in some cases above, their current potential output. Although it expects unemployment in the 24-nation area to rise to 25.8m in 1991, from 24.5m last year, it says there is "no reason to expect a sustained expansion of demand without improving the supply potential of member economies."

"Unemployment today is largely a structural problem calling for structural policy responses," it says.

The current economic situation, with its continuing inflationary pressures, requires "a careful balance in setting monetary policy."

Although the Outlook projects a "substantial rise" in German short-term interest rates in the second half of this year, it says there is little reason for a sharp further tightening of monetary conditions "which could trigger an unwelcome slowdown in activity."

On the other hand, monetary conditions need to stay restrictive "until there are clear signs that demand pressures are subsiding and that inflationary expectations are receding."

The OECD registers "growing concern" about inadequate savings in the industrial world. Despite some recovery in recent years, total savings as a share of gross national product in the OECD remain well below the levels of the 1960s and

1970s, it says. With investment in a reformed central and eastern Europe set to intensify competition for savings, it calls on governments to restrain spending. However, it recognises that such policies will become increasingly difficult as rising pension, health and environmental costs offset savings from lower defence expenditure following the decline in East-West tensions.

The organisation says the problem of inadequate global saving could also be tackled by shifting the weight of taxation from saving towards consumption, through increased reliance on sales and value-added taxes. On balance, the OECD warns against schemes to encourage particular forms of savings.

Although the report expresses concern about recent disturbances on financial markets, such as the rise in long-term interest rates and the weakness of the yen and Tokyo

stock markets, it urges policy makers to adopt a cautious approach to such events.

"Concern about financial market effects on the real economy has to reach very high levels before it would seem warranted to divert monetary policy from its medium-term objective of price stability," it says.

The OECD reminds governments about the limitations of co-ordinated exchange market intervention as a tool for dealing with large exchange rate movements. It also warns Washington and Tokyo against resorting to monetary policy changes to adjust the exchange rates of the dollar and yen without cutting the US budget deficit more resolutely and continuing the process of structural adjustment in Japan.

OECD Economic Outlook No 47, FF100, OECD Publications Service, 2 rue André-Pascal, 75775 Paris Cedex 16. In the UK, 212, HMSO.

Strong exports will save UK economy from recession

By Anthony Robinson

BUOYANT foreign demand is expected to prevent the UK economy from slipping into recession this year, the Organisation for Economic Co-operation and Development (OECD) forecast yesterday. But it warned that inflationary pressures remained strong although output growth will be "significantly below productive potential" over the next 18 months, with domestic demand dropping in the near term before slowly recovering.

In contrast to recent exchange market enthusiasm for sterling on hopes of early entry into the European exchange rate mechanism (ERM), the Paris-based economic think-tank warned that "renewed sterling weakness, perhaps in response to rising interest rates abroad, or to disappointing inflation or trade data, could also pose a threat to the government's counter-inflation effort."

The report identified two other problem areas which conditioned its general assumption of "a continued improvement in the external balance and a reversal of the rise in inflation" in coming months, albeit at the expense of squeezed profit margins and lower wages growth. It warned that "the sustained buoyancy of narrow money and the revival of retail sales could indicate stronger than projected consumer demand" while

the downturn of fixed investment and inventories could also be greater than expected.

A bit risk, the report added, could be posed by a renewed rise in retail price inflation, due to higher mortgage rates and the poll tax, which gave a further boost to wage claims.

Looking ahead, the report said that economic adjustment was projected to continue only gradually. Exports should continue to be the main bright spot in an otherwise rather depressed economy. "Foreign demand is projected to remain the mainstay of economic activity" with net exports contributing 1.5 percentage points to GDP growth this year, the report said. Export growth, it added, "should outweigh a likely fall in domestic demand resulting from de-stocking, a modest decline in fixed investment and subdued growth in consumer spending."

Growth in domestic demand is expected to resume next year against the background of lower export growth and rising imports. The main boost to domestic demand however will come mainly from higher investment and re-stocking rather than private consumption whose expansion "is likely to remain modest in 1991". As a result "GDP growth is likely to recover in 1991 but should remain significantly below the growth of potential output", the report concluded.

BASIC INDICATORS FOR EASTERN EUROPEAN COUNTRIES								
Indicators	Soviet Union	Bulgaria	Czechoslovakia	East Germany	Hungary	Poland	Romania	OECD
Population (m, 1988)	286.4	9.0	15.6	16.6	10.6	38.0	23.0	824.8
GDP (\$bn, 1988)	1590.0	50.7	118.6	155.4	88.8	207.2	94.7	12073.0
GDP per capita, \$	5552.0	5633.0	7603.0	9361.0	8491.0	5483.0	4117.0	14637.0
Annual Growth of GDP (%)								
1981-85	1.7	0.8	1.2	1.9	0.7	0.6	-0.1	2.5
1986-88	2.3	1.9	1.5	1.7	1.5	1.0	0.1	3.5
Living standards (1987)								
Cars per 1000 inhabitants	50.0	127.0	182.0	206.0	153.0	74.0	11.0	385.0
Telephones per 1000 inhabitants	124.0	248.0	246.0	238.0	182.0	122.0	111.0	542.0
Share of workforce in agriculture	21.7	19.5	12.1	10.2	18.4	28.2	28.5	6.0
Gross domestic investment/GDP	33.2	32.7	24.7	29.2	28.5	35.5	37.1	20.8
Share of private enterprise in GDP	2.5	8.9	3.1	3.5	14.8	14.7	2.5	70.9
%age of workers with secondary education	27.3	n.a.	29.4	n.a.	33.8	28.9	n.a.	61.0
Exports of goods as %age of GDP (1988)	6.8	23.0	19.7	13.7	14.7	6.4	11.2	14.4
Manufactured goods exports as share of exports to non-socialist countries	63.	59.3	72.4	77.3	79.6	83.4	80.6	81.8
%age change of share of OECD markets 1978-89	-26.	-18.6	-44.0	-25.2	-7.8	-32.3	-46.3	

Source: OECD

Warning on prospects in eastern Europe

By Anthony Robinson

THE vultures are circling over eastern Europe, warns the OECD.

"Given the extremely imperfect asset markets in the region there is a risk that private investment will in part be characterised by predatory manoeuvres rather than longer term developmental considerations," the OECD cautions, those east and central European countries tempted to see private investment and joint ventures as a panacea.

Some of these economies, it says, "have a pressing need for foreign exchange and grossly inadequate information about the underlying market value of state assets, rendering them vulnerable to asset-stripping and transfer-pricing practices". The Paris-based economic

think-tank is also sceptical about the likely scale and impact of east-west economic co-operation. "The macro-economic significance of resource flows to central and east European countries is likely to be modest", it says in the first separate section devoted to eastern Europe. The only exception is East Germany, which it recognises as a special case, given the huge transfer of investment and wealth expected to follow monetary union.

The report warns that the "the speed with which foreign resources can be productively employed will depend crucially on the pace of structural and institutional transformation". But it adds, "the eventual need for foreign resources to facilitate domestic reconstruction

is well in excess of anything that could be absorbed efficiently or is likely to be forthcoming over the next several years".

Indeed the OECD questions whether the net effect of resource flows from the west to these heavily indebted countries with old-fashioned technologies and out-dated product lines will even be sufficient to compensate for the loss of an estimated \$50a annual subsidy from Moscow in the form of cheap energy.

The report advises the east Europeans to draw relevant lessons from the experience of heavily-indebted developing countries. This indicates that "the key to successful development is not primarily financial from abroad." Of greater

importance, the OECD indicates, are factors such as gaining political acceptance for market-oriented structural changes, exploiting opportunities to expand exports, and allowing open initial regimes to exert competitive pressures and provide price signals essential for structural change.

Given the modest scale of likely western assistance, the report concludes that "financing of economic restructuring in central and eastern Europe is likely to be dependent on strong domestic savings flows". Until now, high savings have been largely involuntary reflections of a shortage of consumer goods. Once such shortages are made good, incentives to save will need to be much stronger.

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EUROPEAN NEWS

Romania paves way for market economy and privatisation

By Judy Dempsey, East European Correspondent

ROMANIA'S Prime Minister, Mr. Petru Roman, anxious to give his government's commitment to political and economic reform, yesterday announced a new cabinet and unveiled a radical economic programme aimed at paving the way for privatisation and a market economy.

Mr. Roman, formally chosen as Prime Minister last week, pledged to a joint session of the Senate and the Deputies' Assembly, to carry through the historic transition from a super-centralised economy to a market economy. The state must abandon to the greatest possible extent its role as proprietor and manager," he said.

His speech, just weeks after President Ion Iliescu invited miners to crush anti-government demonstrations in Bucharest, is likely to win support from intellectuals, students and technocrats who have argued that the government was dragging its feet on introducing radical economic reforms.

As he introduced the 23 ministers, Mr. Roman was keen to stress that the youth - most are in their early 40s - and their clear past. They "did not belong to the higher party and state hierarchy of the former regime," he said at each introduction. This is likely to reassure sections of public opinion that the ruling National Salvation Front is now committed to distancing itself from the old regime and is intent on structural reforms.

This was confirmed by yesterday's appointment of Mr.

Eugen Dijmarescu, 42, as minister of state responsible for economic orientation. Mr. Dijmarescu, a senior member of the liberal-minded Institute of World Economy and co-opted earlier this year as an adviser to Mr. Roman, supports a market economy and opening up the country to foreign capital. He will be backed by Mr. Theodor Stolojan, the new Finance Minister.

Mr. Stolojan, 47, a liberal muzzled for years by bureaucrats and pro-Ceausescu officials, endorses a policy of judicious borrowing from the west, banned under the last years of Ceausescu.

Mr. Roman also appointed as deputy Prime Minister with special responsibility for reform and relations with parliament, Mr. Adrian Severin, 36, a friend and ally. Mr. Severin has been one of the most outspoken advocates of "shock therapy" for the economy and is an eloquent supporter of privatisation. Promoted to Foreign Minister is Mr. Adrian Nastase, 40, the former NSF spokesman. He replaces Mr. Segiu Celas who seemed unable to capitalise on the initial sympathy the world poured out to Romania last December.

Despite speculation of splits in the army, Mr. Roman retained Mr. Victor Stanculescu as Defence Minister, to rally the army behind the government. He also kept Mr. Doru Viorel Ursu as Interior Minister, and the respected Mr. Andrei Plesu as Minister of Culture.

Bulgarian socialists still want opponents in coalition

By Judy Dempsey

BULGARIA'S Socialist Party (BSP), which earlier this month won an overall majority in elections, is still hoping to form a coalition government with the Union of Democratic Forces, the umbrella for the opposition groupings.

But Mr. Zhelyu Zhelev, leader of the UDF, has repeated that the opposition will not form a coalition with the former communists. At the same time, a group of radical social democrats in the BSP has proposed a formal split in the party aimed at isolating the conservatives.

The stalemate in seeking agreement with the UDF, the largest opposition movement, has forced the BSP into an awkward position - so much so, that technocrats and reform communists centred around Mr. Andrei Lukianov, the incumbent Prime Minister, believe that in the election, the party did too well for its own good.

The BSP's election strategy envisaged gaining about 45 per cent of the vote, enough to retain power but not enough to rule without a coalition with the UDF.

This would have given the technocrats the opportunity to marginalise the conservatives, who still run the provinces like feudal fiefdoms, in contrast to the cities, where the youth and intellectuals threw their

weight behind the UDF. Besides, the BSP did not relish taking sole responsibility for dealing with the debt and economic crisis, particularly since it will have to face the electorate again in 18 months' time.

But now, having won 52 per cent of the vote, which gives the conservatives, rather than the technocrats, considerable clout, the consensus among UDF officials is that the BSP should rule alone.

To complicate matters, the BSP is clearly divided about its future role in Bulgarian politics, as confirmed in an open letter published earlier this week in Duma, the BSP daily.

The letter, written by Mr. Anzhel Vaghenstayn and others grouped around a loose association of social democrats within the party, point out that the elections proved the continuing influence of the conservatives, who remain capable in putting a brake on the reforms.

Mr. Vaghenstayn appealed to the reformers to break away from the conservatives and "create a new party in the spirit of the democratic socialist European tradition".

If such a split materialised, prospects for a coalition government could improve, paving the way for a consensus on economic reform.

French companies lead as cross-border acquirers

By Nikki Tall

FRENCH companies were the most active cross-border acquirers in Europe in the first quarter of 1990, followed by Swedish-based groups. UK companies fell into third place.

According to Translink's European Deal Review, aggregate cross-border deal values reached Ecu11.6bn in the three-month period, against an overall expenditure of Ecu4.5bn for the whole of 1989.

Expenditure by French companies accounted for 37.4 per cent of first-quarter figures, while Swedish companies spent Ecu3.35bn or 28.7 per cent of the total.

Expenditure by UK companies on cross-border transactions in Europe was much more modest - only Ecu1.45bn, according to Translink, or 12.5 per cent of the aggregate sum.

In terms of target nations, the first three rankings - some what surprisingly - are also France, Sweden, and then the UK.

In the first quarter of the current year, France received just over 30 per cent of an expenditure, while spending on Swedish and UK targets amounted to Ecu2.39bn and Ecu2.35bn respectively, about one-fifth of the total in each case.

This is in marked contrast to the overall position during 1989, when the UK was by far the most popular "target nation". Last year, it received almost half the cross-border acquisition expenditure within Europe.

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Walesa's bid for presidency throws up warring factions

The tussles highlight Poland's problems as economic pressure mounts, Christopher Bobinski writes

THE fierce debate inside Poland's ruling Solidarity about Mr. Leszek Walesa's future political role promises to come to a head this weekend, with possible lasting consequences for the country's political landscape.

As the government braces to introduce unpopular price rises for domestic electricity and heating on July 1, the warring factions, for and against Mr. Walesa, have called rival meetings of the movement's Civic Committees in Warsaw tomorrow and the day after. These should show the balance of power in the country's best-organised electoral machine.

The Civic Committees are ad hoc groups of Solidarity supporters which won the national elections last year and local ones last month for the movement. More parliamentary elections are due within nine months. With the Solidarity badge in their lapels and Mr. Walesa's blessing, the committees dwarf not only the remnants of the Communist Party but also other new groups struggling to rebuild a political infrastructure.

The Committees have become a key element in a complex set of political gambits, as Mr. Walesa tries to keep his dominant role amid ebbing support for the Government's austerity programme. Critics of Mr. Tadeusz Mazowiecki, the



V-for-victory signs as Walesa speaks in Plock, north of Warsaw

Prime Minister, are regrouping in the Centre Agreement, a right-of-centre Solidarity faction, while his supporters are working to centralise the committees in a Solidarity party of government.

The Centre Agreement criticises the bid to monopolise the Civic Committee and has taken up the cause of a Walesa presidency. It says only this will make the final break with the Communist past and give the population some badly-needed satisfaction as real incomes threaten to fall by up to 40 per cent. The Agreement, which says the present administration's privatisation policies are too slow, contains a number of

Solidarity politicians disappointed not to have won government posts the first time around. It is calling now for a reshuffle and parliamentary elections soon.

While Mr. Walesa continues to equivocate on his intentions for the post still held by General Wojciech Jaruzelski, the present incumbent, it is clear a mixture of ambition and concern for the country's future is propelling the union leader to bid for the presidency. He denies he has the makings of a despot - as his opponents, such as Mr. Zbigniew Bujak, once a Solidarity leader, openly charge. "Why is the West making a tyrant out of me?" Mr

Walesa asks, referring to critical articles in the western media which once could see him do no wrong.

Instead, he warns that it is his opponents, who this Sunday will urge the Civic Committees to set up a formalised structure committed to supporting the Solidarity Government, who are moving towards an authoritarian system.

"We have overthrown the communists and done nothing more than taken their places," he says, snatching a break in a Solidarity Union national committee meeting in Gdansk this week, which for the first time called on the Government to ease its incomes policies.

Tomorrow, the Walesa camp will be telling its supporters in the Civic Committees to retain their present loose structure and work with fledgling political parties to encourage a multi-party system.

"Poland has to have political pluralism and I am the one who is fighting for it," he says, arguing that one party formed on the basis of the Civic Committees will dominate the political scene for decades, as happened in Mexico, his supporters from the Centre Agreement would add.

"Mazowiecki, Giermek, Michnik are saints," Mr. Walesa says of his opponents who are trying to organise the movement. "As long as they are at

the head of such a party, the country is safe, but the ones who come after will wipe out democracy."

Mr. Walesa's critics, such as Mr. Adam Michnik, editor of the *Gazeta Wyborcza*, warn that the Solidarity leader's presidential ambitions - and the fact that only a populist wave could bring him the prize and the real power it carries - bode ill for the future of democracy in Poland. In the view of Mr. Bronislaw Geremek, another former Walesa adviser and now head of the Solidarity group in the parliament, the Civic Committees organised in a coalition around Mr. Mazowiecki's Government are the best safeguard for a free society.

But Mr. Walesa's unerring political instinct, which has helped him survive the test of martial law and keep his hold over the movement as it re-emerged onto the political scene, is telling him that tension in the country is growing. He knows a lasting coalition like the one between the factions led by Mr. Geremek and Mr. Michnik, on the one hand, and Mr. Mazowiecki on the other, who were rivals when the Government was being formed last autumn, threatens to reduce him to a ceremonial role.

Precisely for this reason, Mr. Walesa told last week's meeting of his advisory committee, many of whom have since resigned: "I am terrified of any monopoly, including my own." But more immediately, Mr. Walesa fears the threat of unrest is real and too dangerous to be left to a Government which so far has eschewed a hands-off approach to the economy. "There could be a dust-up any minute now," he says, referring to the energy price rises due to come in on Sunday. "If there is trouble, I will side with the people." He also told the Solidarity union leadership: "We have invested a lot in this Government but we can't carry on losing face with our members," referring to the union's support for the International Monetary Fund's approved stabilisation programme. "If we do, there will be anarchy."

The weekend meetings will probably show a majority for Mr. Walesa, since he retains the support of Solidarity's activists and rank-and-file. Some compromise may be forthcoming on July 8, as the Gdansk workers have summoned the various factions back to their roots, the shipyard where Solidarity began in 1980.

But the present tussles have highlighted the issues facing Poland as economic pressure mounts in a yet-to-be-constructed political framework.

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Ahead into the 1990s

This year should see Hitachi post record profits, marking its complete recovery after a variety of challenges from the mid-1980's. President Mita explains the outlook for the group.

by Brian Robins



Mr. Katsushige Mita, President, Hitachi Ltd.

Robins: Firstly, you have recently released fiscal 1989 profit figures. How did Hitachi perform?

Mita: Our performance was roughly as we expected. Revenues grew 11 per cent to ¥7.1 trillion. We thought we would emerge as a \$US50 billion company when we drew up our internal budgets, but with the softer yen we didn't quite make it. We came in at around \$US45 billion.

Robins: I guess that the slowdown in the semiconductor market did not help.

Mita: Yes, but the contribution from semiconductors is only a small part of the whole, so its overall impact was not large. As you know, the domestic economy is doing well. For example, building construction and investment in new plant and equipment have been very active.

Robins: So, for the year ahead, what will have the biggest impact on Hitachi's performance?

Mita: For fiscal 1990, we will probably see the same trend as for fiscal 1989. But we are looking for some improvement in semiconductors, although home appliances will remain soft.

Robins: Looking ahead further, what major trends do you see emerging?

Mita: As I mentioned earlier, in fiscal 1989, our sales expanded by 11 per cent. For fiscal 1990, revenues should grow by about 4-5 per cent, since the economy is slowing slightly. If the rate of economic

growth remains at around five per cent, we should quickly reach a ceiling. One indicator of this is the severe manpower shortage at the moment.

Robins: Still, the shortage here has fueled spending on new equipment.

Mita: Yes, you are correct. Since companies wish to increase productivity, without increasing their payroll, increased spending on factory automation and computer systems is to be expected. There was strong growth in this area in 1989, and we expect this to occur again this year.

Robins: Europe is undergoing profound change at the moment. As a group, how is Hitachi preparing to pursue new opportunities as they emerge?

Mita: First there will be the integration of West European countries, and there have been political changes in Eastern Europe and the USSR. Living in Japan, we are far away from these developments, but as a company and as a group, we must be recognised as also living in the EC.

Microchip Production Planned in Europe

So far, we have commenced semiconductor production along with home appliances, and now we are building a wafer fabrication line. Until now, we have been shipping these from Japan, but this has involved low added value. So we intend to commence wafer fabrication in Europe. Also, within the Hitachi group, there is a joint venture with Fiat in Italy, involved in construction machinery.

At present, we are studying European markets closely, and we would like to bring to the EC some high tech items, as well, which have not been seen so much to date.

Robins: Japanese companies are often criticised for establishing only "screwdriver assembly" operations in Europe. How do you intend to increase the sophistication of your operations there?

Mita: Really, there isn't much point in establishing screwdriver plants in Europe. At present we have colour TV and VTR plants in West Germany. These started as screwdriver plants, but these are now conducting sophisticated pro-

duction operations, for example, with cylinders, and the like.

When we establish new units overseas, we seek to establish very sophisticated operations, but often it is very difficult to find the advanced parts we need from local suppliers. If we bring these parts from Japan, then these become simply screwdriver plants. To study and to correct this situation takes time.

Robins: What impact do you expect from Eastern Europe?

Mita: In the EC, traditionally, most of these markets have been small, divided by language, culture, and different standards, which has hindered their development in some ways.

With the integration of the EC, these barriers will be removed, and with the potential integration of Eastern Europe, we hope to get our share of that business, as well.

Robins: One talking point in Japan at the moment is the use of more foreign researchers in local R&D facilities. What is Hitachi's view?

Mita: Yes, we support this view. In our research laboratories, we have some scientists specially invited from other countries - some working with us just for six months, some for up to two years. Often their way of thinking, approach to solving problems and ideas are quite different to their Japanese counterparts, so being able to exchange views is extremely useful.

Also, from Japan we are sending specialists overseas. We have small-scale laboratories in Dublin and in Cambridge, for example, and also near Detroit and in San Francisco, in the US. At these places, we have a mixture of local and Japanese researchers.

Robins: This year marks the 80th anniversary of Hitachi's founding. How do you intend to celebrate?

Mita: This is not a major celebration for the group, but nonetheless, we will mark the event. We are planning a five per cent bonus stock issue, for example, as well as a special ¥2 commemorative dividend, taking the payout to ¥11 a share. For employees, we will rebuild one hospital and completely renovate another. We will also donate another \$5 million to the Hitachi foundation which we operate in the US.



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All the Notes to be redeemed have been determined to be on deposit in the Euroclear system or in Centrale de Livraison de Valeurs Mobilières S.A. (CELV). The certificate numbers of the Notes drawn for redemption in accordance with Condition 7(a) of the Notes have been communicated directly to the operators of such clearing systems.

Interest shall cease to accrue on the Notes specified above with effect from and including 2nd July, 1990 and all Coupons (whether or not attached to such Notes) relating to any interest payment date falling due after 2nd July, 1990 shall thereupon become void.

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Credit for Exports PLC and
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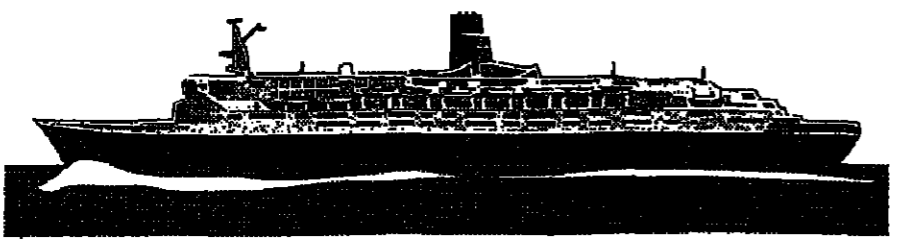
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EUROPEAN NEWS

Hands reach across the Aegean

Kerin Hope looks at optimism over a new Greco-Turkish dialogue

PERIODICALLY, a ray of light pierces the gloom surrounding Greek-Turkish relations, reviving hopes of sorting out a tangle of bilateral disputes that brought the two Nato allies to the brink of war only three years ago. A change of government in Athens or Ankara invariably encourages speculation that policies might change. In fact, a dialogue proposed by Mr Constantine Mitsotakis, the conservative Greek Prime Minister, after he came to power in April could begin soon after he meets with his Turkish opposite number, Mr Yildirim Akbulut, during the Nato summit next month.

From Ankara, however, Turkish officials irritated by some comments made recently by Mr Mitsotakis have cast doubt on whether such a meeting will take place.

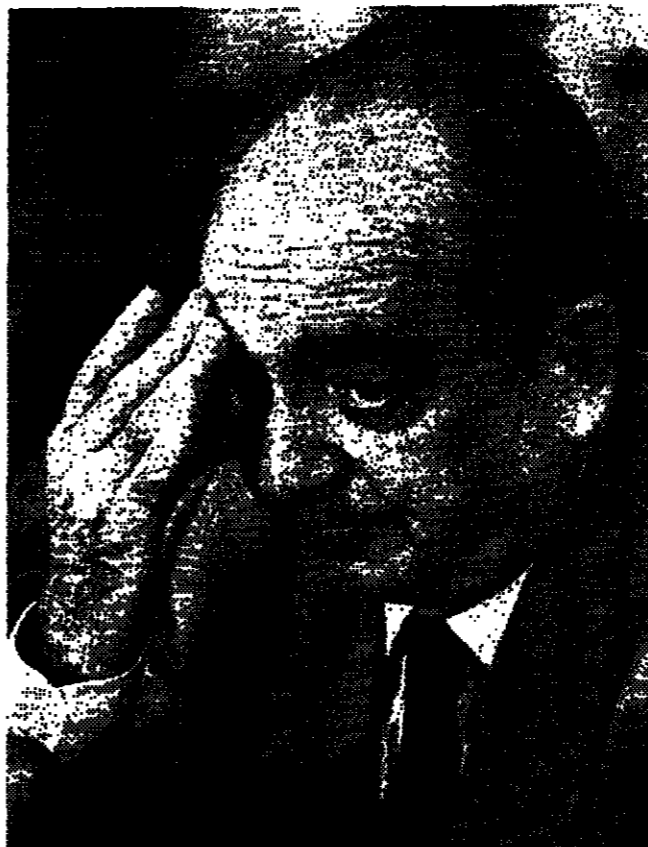
Mr Mitsotakis, nevertheless, has said he is willing to visit Ankara if constructive talks are in the offing, something no Greek Prime Minister has done since the 1950s.

For the moment, no shift is discernible in the Greek position on the key issues of delimiting the Aegean continental shelf and securing the withdrawal of Turkish troops from northern Cyprus.

In the opinion of successive Greek governments, international law favours Athens in the argument over ownership of modest oil deposits beneath the Aegean Sea. Accordingly, Greece insists that the International Court at The Hague should settle the problem. Turkey prefers bilateral talks.

When it comes to other disputes such as flight controls in Aegean airspace, the extent of territorial waters, or defence of the eastern Greek islands opposite Turkey, Greece simply says there is nothing to discuss. "It's like playing in a football match where all you can do is defend your own goal and you worry because you know that even the best defence gets beaten sometimes," a Greek official says.

Considering that the conservatives have only a one seat majority in Parliament, it seems unlikely that Greece will apply itself to working out a compromise on Aegean off-



Mitsotakis: willing to visit Ankara to alleviate an old headache

shore oil rights. Traditional mistrust as well as respective Greek and Turkish domestic problems were blamed when the "spirit of Davos", as the last attempt at Greek-Turkish rapprochement was called, evaporated early last year. But the Davos pro-

cess, which appeared to rely solely on the personal relationship developed by then-Prime Ministers Mr Andreas Papandreu and Mr Turgut Ozal, was viewed with suspicion by senior officials in both Greece and Turkey.

Even the confidence-building measures which included talks on unfreezing Greek assets in Istanbul, and on cultural and economic co-operation, have ground to a halt. Greece continues to complain that Turkish military aircraft deliberately swoop into Greece's

TURKEY on Wednesday expressed disappointment over a European Community statement linking improvement in EC-Turkey relations with a settlement of the war-divided Cyprus problem. AP reports from Ankara. A Foreign Ministry statement said the EC adopted a "biased" attitude towards the problem in a final communiqué issued at the end of its summit meeting in Dublin on Tuesday. The Turkish statement said the EC policy seemed to be accepted upon the insistence of Greece and would harm Turkey's relations with the community.

Still, after the narrowly averted clash in March 1987 over oil exploration in the northern Aegean, which came after six years of constant tension and only minimal bilateral contacts, no Greek govern-

ment wants to take the risk of losing touch with Ankara. The other reliable stimulus for optimism on breaking the Greek-Turkish deadlock is a show of interest in Cyprus by the United States which was particularly noticeable when Mr Mitsotakis visited Washington earlier this month.

The Cyprus problem took on a much higher profile because it was discussed at the super-power summit a few days earlier - its first appearance on such a high-level agenda. Hopes were raised immediately that the UN-sponsored talks, which collapsed in February, can be resumed.

The feeling in Athens is that Mr George Vassiliou, the Cyprus President, has done as much as any Greek Cypriot leader could to conciliate the Turkish-Cypriot side by accepting a bilateral federation as a solution, and that the next move must come from Mr Rauf Denktaş, the Turkish Cypriot leader.

Greek officials hint that a Turkish gesture of goodwill, such as pulling out some of its troops in the north of the island and handing back a chunk of territory in the Famagusta area, might bring a positive response in the form of Greece lifting its veto on European Community financial aid to Turkey.

Although Turkey's application to join the Community was turned down, the European Commission places importance on increasing economic co-operation with Ankara.

The Greek-Turkish disputes are still holding up agreement on a Nato draft treaty at the Vienna conventional arms talks.

Greece argues that the southern Turkish port of Mersin, the launch point for the 1974 Turkish invasion of Cyprus and the main supply route for its troops on the island, should not be excluded from proposed arms reductions.

If Greece and Turkey could reach a compromise over Mersin, then the chances for a meaningful dialogue on other issues would be much improved.

Stockholm offers work training in Sweden to Baltic youth

by Robert Taylor in Stockholm

THE SWEDISH Government intends to offer short-time work training places for up to a year to young people aged 18 to 30 from the Baltic states of Estonia, Lithuania and Latvia, the Government announced yesterday.

The country's labour minister, Ms Mona Sahlin, said that Sweden and the Baltic states had a long tradition of co-operation and it was important to help in the positive growth of their neighbours. It might be widened to areas beyond the Baltic states.

The work permit scheme did not envisage that young people coming into Sweden should be regarded in any way as foreign guest workers.

The Swedish authorities insist a number of conditions must be met for the scheme to operate. Work and residence permits will be permitted only if there is an agreement with a Swedish employer to pay a market wage rate and that housing is arranged.

Those participating in the plan will also have to have a knowledge of either Swedish or English.

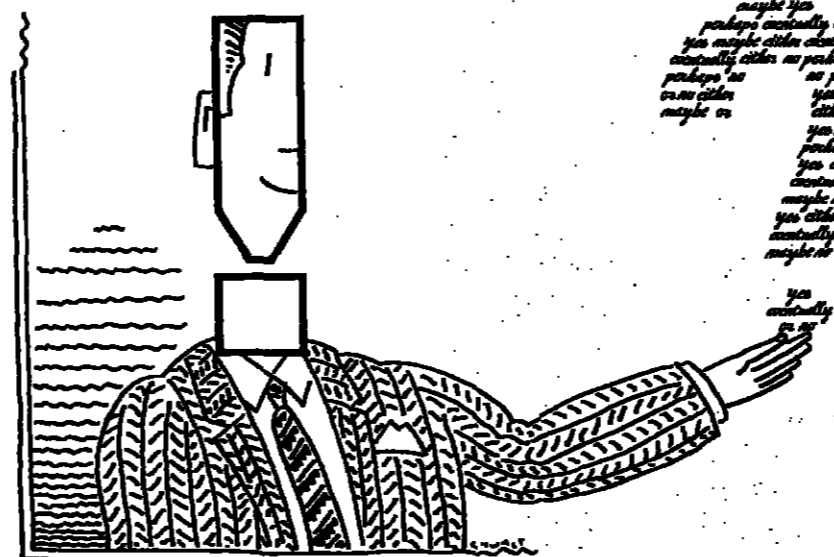
The Swedish government insists that the idea behind the scheme is to assist the Baltic states with economic, cultural and social know-how and not to help resolve Swedish labour market demands. It is estimated that several hundred young people will benefit each year.

The original idea was floated by the prime minister Mr Ingvar Carlsson in March and discussions have been going on with the trade unions and employers on how it would operate in practice.

However, the Baltic state work plan comes at a sensitive moment with a hardening of popular attitudes in Sweden against foreign refugees, which has led to a number of arson attacks on refugee centres in the early summer.

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SUN LIFE GLOBAL PORTFOLIO

Society of Investment Management

Notice of Annual General Meeting

Notices are hereby given that the Annual General Meeting of Sun Life Global Portfolio will be held at 14 Rue Aldringen, Luxembourg on 11th July 1990 at 15.30 p.m. specifically, but without limitation, for the following purposes:

- To hear and accept:
a) the management report of the Directors
b) the report of the Independent Auditors
- To approve the Statement of Assets and Liabilities and Statement of Operations for the year ended 31st March 1990.
- To discharge the Directors and the Independent Auditors with respect to their performance of duties during the year ended 31st March 1990.
- To elect the Directors, specifically Richard Fildes, Ian G. Sampson, David W.H. Smith and John D. Watson, to serve until the next Annual General Meeting of Shareholders and to elect Mr William Reed as a member of Mr Claude Arndt who will resign with effect from 11th July 1990.
- To elect the Independent Auditors, specifically KPMG Post Merwick International, to serve until the next Annual General Meeting of Shareholders.
- Other business.

By Order of The Board of Directors
14, Rue Aldringen
Luxembourg
12th June 1990

Notes: Approval of the above items of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present. Each whole share is entitled to one vote. A shareholder may act in any meeting by proxy.

CBO USD 210,000,000 Guaranteed Secured Floating Rate Notes due 2000

In accordance with the terms and conditions of the Guaranteed Secured Notes, notice is hereby given that for the 6 months period from June 29, 1990 to December 31, 1990, the Guaranteed Secured Notes will carry an interest of 8.8375% per annum (margin included). The relevant interest payment date will be December 31, 1990 and the coupon amount per USD 100,000 Bearer Guaranteed Secured Note will be USD 4,438.72.

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AMERICAN NEWS

Venezuela completes debt talks with banks

By Stephen Fidler, Euromarkets Correspondent

VENEZUELA has finalised negotiations with its leading creditor banks on a debt reduction deal under the US Treasury's Brady initiative, and details of the agreement will be sent to 430 creditor banks tomorrow.

The deal, which includes more options than any so far negotiated under the Brady initiative, includes an option for banks to sell them into conditional bonds or to accept a lower interest rate for five years. Banks could also make new loans equivalent to 20 per cent of their existing exposure.

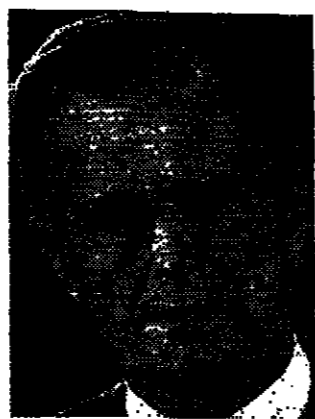
According to Venezuelan officials, the price on the cash buy-back will be between 41 and 45 cents on the dollar.

The leading creditor banks, led by Chase Manhattan, and the Venezuelans have been negotiating the details since they fixed an agreement in principle in March. Agreement from banks may take some time because of summer holidays in Europe.

Venezuela owes about \$2.5bn to international banks.

California gives Bush rough ride over green plan

Louise Kehoe examines reaction on the West coast to the Administration's new environment initiative



Bush: "My desire is to achieve a balance between the need to provide energy for the American people and the need to protect unique and sensitive coastal and marine environments."

President George Bush received his first taste of Californian-style environmental politics this week. As the White House issued two long awaited decisions on highly charged issues affecting the West Coast environment, the President was assailed by critics from all sides.

Environmentalists denounced decisions on forest logging limits and offshore oil drilling, while the oil and lumber industries complained equally loudly that they had been let down.

As the birthplace of the environmental movement, California has some of the toughest pollution laws in the US, issues ranging from water conservation to air pollution and especially offshore oil drilling loom large in state politics.

At risk in this week's decisions are both the President's popularity in one of the most populous states and the chances for election of Senator Pete Wilson as a Republican state governor.

On the sensitive issue of oil and gas drilling off the California coast, Bush came up with a compromise: a ten year delay of oil drilling off more than 90 percent of the California coast.

"My desire is to achieve a balance between the need to provide energy for the American people and the need to pro-

visions for a re-evaluation of the decision if energy "supply disruptions" occur, which they called a "huge loophole".

Even Senator Wilson, an opponent of drilling, gave the decision guarded praise. "It's not perfect, it's an extraordinarily good result," he said. "I think that this signals a permanent moratorium because it's my expectation that in the decade that follows the decision, alternatives to drilling will be developed as part of the national energy inventory," he said optimistically.

The decision comes at a critical time for Senator Wilson, as he faces a close race for governor against former San Francisco Mayor Dianne Feinstein, a Democrat.

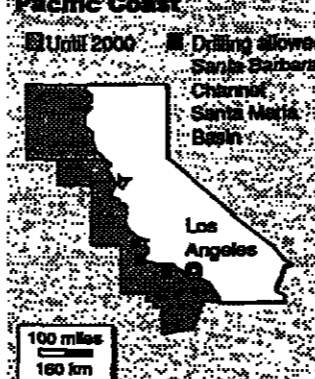
The oil industry, however, said that the President had "gone too far" and warned that the measures would increase US dependency upon foreign oil supplies.

"The industry feels that these decisions are harmful to our country and the economy," said the Western States Petroleum Association. "They will lead to decreased domestic production, more imports, more dependency on OPEC, more tanker traffic and the export of jobs and investment overseas."

Bitter disputes between the oil industry and California environmentalists date back to

US oil drilling moratorium

On California's Pacific Coast



100 miles 100 km

On Florida's Gulf Coast



100 miles 100 km

the 1989 blowout of a Union Oil offshore oil drilling platform that spilled 250,000 gallons of crude oil and fouled Santa Barbara beaches.

Ever since, there has been widespread opposition to offshore oil drilling. The Exxon Valdez spill in Alaska last year and the American Trader tanker spill off Huntington Beach, California, this February have added to the public outcry.

"Bush simply recognised that offshore drilling equals political suicide in California," said Warner Chabot, a lobbyist for six California coastal com-

that sets limits on logging in lands controlled by the Bureau of Land Management was introduced by Manuel Lujan, Secretary of the Interior and Clayton Yustter, Secretary of Agriculture.

The Administration Secretaries said that they were seeking to "balance our responsibilities in preserving the owl and forests while protecting the economic lives of American men and women" in a statement similar to that issued the same day on oil drilling.

Environmentalists were enraged, however, by a call for legislation to provide the Administration with the ability to consider the economic and social impact of efforts to protect endangered species. They were also angered by the deferral of a larger decision on whether to limit logging in the more extensive National Forest areas of the Pacific Northwest region.

Timber industry groups meanwhile threatened to file suit to stop any restrictions and mounted angry demonstrations throughout the logging region over the past week.

For the self-proclaimed "Environmental President" the economic costs and political risks of protecting the environment are just beginning to emerge.

Psychiatrist traded on information from couch

A PSYCHIATRIST pleaded guilty yesterday to charges that he had traded on confidential information about BankAmerica which he learned while treating Mrs Sanford Weill, the wife of the chairman of Primerica, the financial services conglomerate, according to the US attorney's office. Reuter reports from New York.

Dr Robert Willis, the psychiatrist, pleaded guilty to two counts of securities fraud. He faces a maximum penalty of 10 years in prison and \$500,000 in fines.

According to court papers, Mr Willis, president of American Express in the mid-1980s, had told his wife that he was about to try to become the chief executive officer of BankAmerica. If he were successful, additional funds would be invested in BankAmerica by American Express's brokerage unit Shearson Loeb Rhodes, now Shearson Lehman Hutton.

The indictment said that, if Mr Willis had been successful, "there would have been substantial upheavals in the personal lives of the Weills." Because of this concern, Mrs Weill confided in her psychiatrist.

Latin Americans welcome Bush plan

LATIN American countries yesterday responded favourably to US President George Bush's initiative to forge a new, "broad-based" partnership, with the eventual aim of making the entire American hemisphere a free trade area, writes Robert Graham.

All the region's main newspapers gave the initiative front-page treatment. The most enthusiastic response came from President Fernando Collor of Brazil. His office said he "was happy with this positive response to efforts Latin American countries are making to achieve economic freedom."

Officials in Latin American capitals were yesterday awaiting details of the plan. Even so, it was being treated as a welcome signal from Washington, both as a continued effort to resolve the region's debt troubles and as a long-term commitment to restoring economic growth and expanding mutual trade.

The timing was considered significant, coming less than three weeks after the US and Mexico agreed to work towards a free trade area. This initiative had raised a fear among other Latin American countries that Mexico would be separated from the rest of the region.

One senior Latin American official in Washington commented: "With the US seeming to look exclusively to Mexico, the rest of Latin America risked being treated to a policy of benign neglect. The new Bush policy has thus given us considerable comfort because we hope that US-Mexican relations will merely be the model for the rest of us."

Brazil promises to be a significant beneficiary of this shift. Yesterday, Ms Zelia Cardoso de Mello, Economy Minister, welcomed the new initiative, "which reflects a new approach by the US government towards Latin America. It involves points that Brazil has been stressing for a long time, notably an increased flow of foreign investment to Latin America and a reduction of foreign debt."

She added: "Brazil is making a considerable effort to open its economy because it considers this the key to allowing our industrial sector to become efficient and competitive. We hope this effort will be understood by the world and new spaces be opened, as it seems they are being with the US initiative, enabling us to carry on our idea of integrating Brazil more with the international market."

Brazilian officials believe that, as the largest and most advanced country in Latin America, their economy is best placed to take advantage of a common market for the Americas. The Inter-American Development Bank is just completing a study on the new Brazilian economic policy and is expected to announce a \$1bn loan this autumn for the social sector and the modernising of Brazilian industry.

Argentina is another important potential beneficiary. Mr Guido di Tella, Argentine ambassador in Washington, said the Bush initiative had opened "three very important avenues: debt, trade and investment. Now it is necessary to work to establish those three fronts."

Brazil payroll cut vetoed

By Christina Lamb in Rio de Janeiro

BRAZIL'S Supreme Court has vetoed the Government's attempts to reduce the pay of 34,000 civil servants. This is a further setback for President Fernando Collor's economic stabilisation programme.

The dismissal of civil servants, to cut administrative expenses and reduce the fiscal deficit, was a key component of the Collor plan to curb inflation.

With constitutional restrictions preventing the sacking of those with more than five years' service, most of those removed were to be kept on the federal payroll at reduced salaries.

The court has decided that this was unconstitutional, so the administration will have to go on paying full salaries.

The court's decision that a reduction in wages is unconstitutional suggests that it is likely to rule in favour of renewing the indexing of wages to inflation, which would be a further big blow to the Collor plan.

The main trade unions are asking for 166 per cent increases to compensate for inflation since February, claiming they have suffered pay cuts in real terms.

Justice Department to probe US airlines

THE US Justice Department said yesterday it was conducting a broad investigation into the airline industry's pricing practices for possible violations of antitrust laws, Reuter reports from Washington.

Mr Joseph Krovitsky, spokesman for the department, said the probe into possible price fixing centred on the relationship between the big US airlines and Airline Tariff Publishing, the industry's clearing house for fares.

The department had sent civil investigative demands to the carriers asking for information about their ties to the clearing house. Delta Air Lines said it had received the request for information about 10 days ago. No other airlines were available for comment.

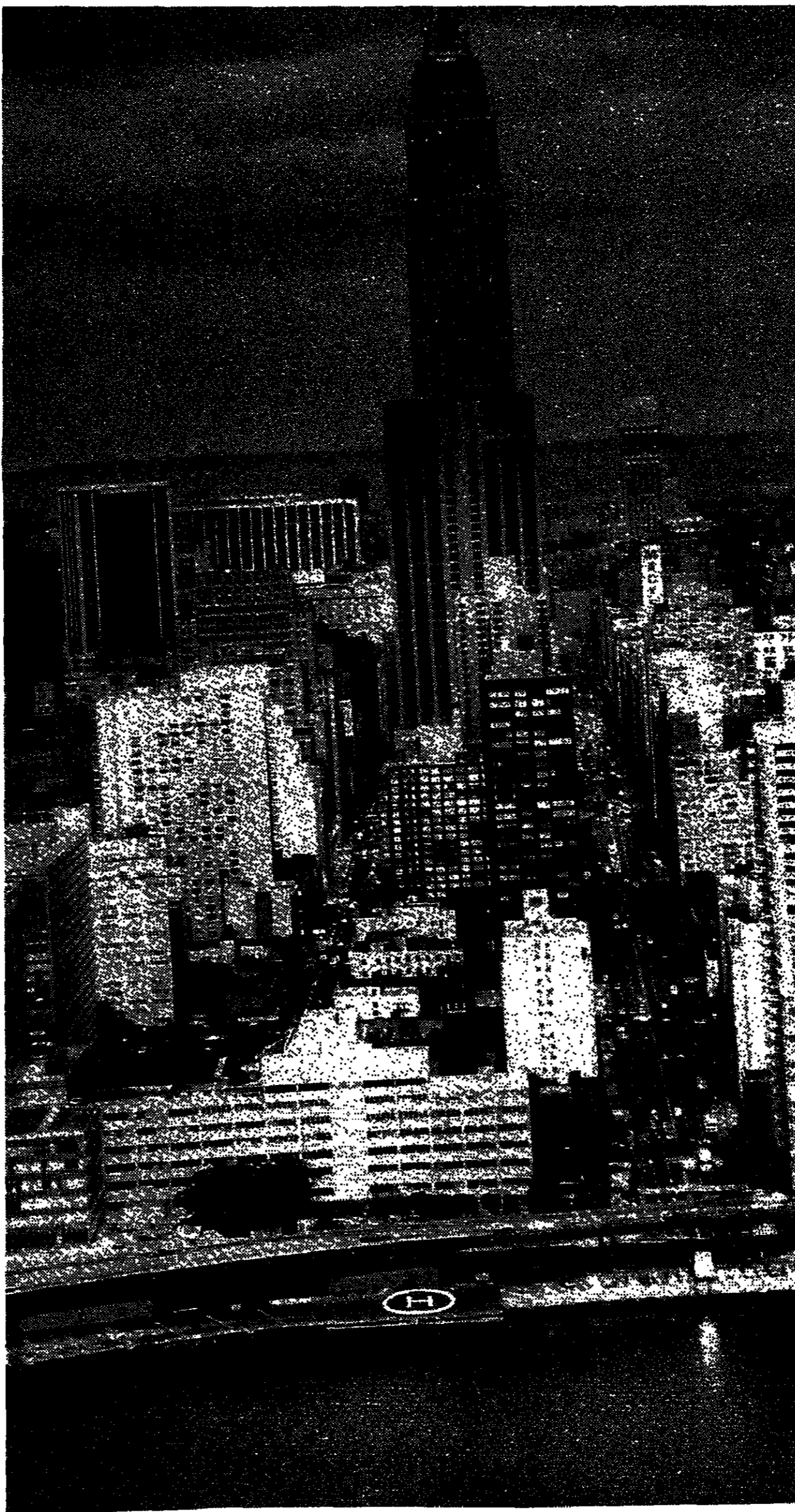
The investigation results

from a previous probe, begun last September, into a fare rise announced by AMR Corp's American Airlines and quickly matched by the rest of the industry.

"That involved a specific price increase. This investigation involves pricing in general," Mr Krovitsky said. He was unable to say whether it would lead to criminal charges.

Two weeks ago the department said it was investigating USAir Group for possible antitrust violations at its Pittsburgh hub.

That investigation concerns the ability of new entrants to serve the main Pittsburgh airport, where USAir and its USAir Express commuter airline carried 87.3 per cent of all passengers in 1989.



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INTERNATIONAL NEWS

Ebullient Kaunda takes to city streets

By Mike Hall in Lusaka

PRESIDENT Kenneth Kaunda of Zambia walked through Lusaka's central business district yesterday, viewing damage and reassuring businessmen who were cleaning up and counting the cost of unprecedented looting during three days of unrest which has cost at least 23 lives.

Soldiers dressed in combat gear patrolled the streets as normality began to return to the capital. Traffic built up to usual levels as many residents returned to work.

Most were apprehensive, however, and pockets of unrest continued in outlying poor suburbs.

Mr Kaunda, who on Wednesday night told Zambians he would not repeal the food price increase which sparked the rioting, seemed calm and smiling, and joked with economic and political advisers who accompanied him.

At an impromptu news conference Mr Kaunda said he would announce today the date of a referendum called earlier this month to decide on whether Zambia should reintroduce multi-party politics.

Simultaneously, in George compound, a poor suburb three miles to the north, groups of residents stoned cars while security forces kept clear, trying to contain and not provoke violence.

Kenyan police hold journalists

By Julian Ozanne in Nairobi

KENYAN security police detained yesterday the managing director and three senior editors of the Standard newspaper, Kenya's second largest English-language daily, fueling fears of growing government intolerance over press coverage of the multi-party debate.

The arrest of Mr Francis Githui, managing director, Mr Mitch Odero, acting editor-in-chief, and two other editors came a day after the Kenya Union of Journalists (KUJ) issued a strongly worded protest at recent police harassment of journalists.

Last week security men broke up a news conference given by lawyers critical of the government, threatening to arrest journalists and seizing notebooks and cameras. They temporarily detained the editor of the Daily Nation.

A reporter at the Standard said the detention of the four men was linked to the paper's coverage of police harassment of Mr Kenneth Matiba, Kenya's de facto opposition leader, and deaths said to have occurred earlier this month as residents of Muoroto, a Nairobi slum, fought with security men trying to demolish their homes.

Slovo endorses mixed economy

Mr Joe Slovo, South African Communist Party general secretary, said yesterday he wanted to see a mixed economy in a post-apartheid state. Reuter reports from Johannesburg.

"We are not opposed to the market... we are going to have a mixed economy," he said, seeking to dispel anxieties of white-owned business.

CIA says Chinese austerity drive hurt economy

By Lionel Barber in Washington

AUSTERITY measures imposed by the Chinese government in late 1988 have caused the country's worst economic slump in a decade, according to a US Central Intelligence Agency report which was published yesterday.

Growing unemployment and falling urban living standards are further undermining Peking's efforts to restore social calm, one year after the crushing of the pro-democracy move-

ment, the CIA said.

In 1989, real gross national product grew by less than 4 per cent, about one third the rate registered in 1988, when the austerity programme was carried out. Weak growth hurt profits, increased state subsidies and expanded the government's budget deficit by about 40 per cent to a record \$8bn (\$4.65bn).

The slowdown has recently prompted Peking to loosen credit, but with little

immediate effect. Industrial production during the first five months of this year rose at less than a 2 per cent annual rate. "Fundamental indicators point to continued weakness in the economy," the report said.

Tightened central control over foreign trade has prevented a drawdown of foreign exchange reserves and led to a fall in the trade deficit last year by \$1.1bn to \$6.6bn. In the first four months of this year, China

was running a trade surplus

of \$1.3bn. But the CIA analysts said it was unlikely that many senior officials wanted to return to the kind of command economy and isolationist policy which dominated China before 1979.

However, some want strict limits on the non-state sector and an increase for the party's role in enterprise management. If this occurred, the report warned, China's modernisation was

bound to falter.

The post-Tiananmen Square climate seems also to have led to a fall-off in foreign investment, which rose a mere 8 per cent compared to a rate of 30 per cent a year since 1980. Tourist arrivals and foreign exchange earnings from tourism also plummeted: losses over the last 12 months probably exceed \$1bn, the report said, while noting a recent spurt in visitors from Taiwan.

Canberra proposes reforms in way states are funded

By Bruce Jacques in Sydney

AUSTRALIA'S federal Government has proposed, at a conference of premiers held in Canberra yesterday, watershed changes to financial arrangements with the country's six states and two territories.

But, as is typical of these meetings, the states and territories have rejected the proposals. The parties were negotiating late last night on a compromise agreement, with the conference likely to drag into a second day.

The premiers' conference is held each year to determine the share of income and outlays between the federal and state governments. Under Australia's constitution the states remain sovereign entities and share taxing and expenditure powers with the federal Government.

Mr Bob Hawke, Prime Minister, and Mr Paul Keating, federal Treasurer, opened the conference by proposing an agreement for the 1990-91 fiscal year with two main planks: a promise to maintain general revenue grants to the states in real terms until 1995-96, and a plan to shift responsibility for state debts from the federal Government to individual states.

But the premiers, most of whom have publicly called for vastly increased federal grants, appeared last night to be using the debt proposal as a lever to obtain a better deal on finances. They

claimed the offer represented a fall in real funding to the states.

Mr Keating's debt plan has wide implications for Australian capital markets. It aims to reduce the \$15.8bn (\$7.2bn) of federal debts incurred on the states' behalf, thus producing a corresponding reduction in the amount of federal securities on issue.

This would eventually increase the federal Government's budget surplus, which is believed to be well below the estimate of \$49.1bn for the 12 months to June.

Under the federal offer, the states' and territories' global borrowing limits would rise by just 1.3 per cent in the coming financial year. Canberra has offered them a total of \$27.83bn, including grants, loan council and special purpose funds. It claims this represents a 7 per cent rise on last year and a 1.5 per cent gain in real terms.

But the premiers, most of them of the ruling Labor Party, rejected the offer. Mr John Cain, Labor premier of Victoria, described the funding increases as a charade. Mr Wayne Goss of Queensland said the offer would force the states either to increase charges or to cut services. Ms Carmen Lawrence, of Western Australia, said too much of the federal funds was offered as tied grants, instead of letting the states decide how the money should be spent.



Iranian youngsters try on trousers from a pile of clothing donated through the Red Crescent, at a tent camp in the earthquake-shattered village of Kell-shum in north-west Iran. Twelve hundred villagers were killed out of 3,000.

HK's feuding families in an aerial dogfight

Rivalry between the colony's tycoons centres on the small screen, writes John Elliott

A 23-year-old part heir to one of Hong Kong's biggest business family fortunes has emerged as a key figure in the long-running corporate rivalry between the colony's two main tycoon families, Mr Li Ka-shing and Sir Yue-Kong Pao.

The latest battle between the two corporate elders involves the complex international jungle of rival, but potentially complementary, telecommunications technologies being introduced to Hong Kong.

On one side is satellite broadcasting, which Mr Li's Hutchison Whampoa wants to launch. On the other is a local cable television franchise which Hong Kong Cable Communications, a consortium led by Sir Y.K.'s Wharf Holdings, won last year. To do so he defeated strong competition from Hutchison.

Mr Richard Li, second son of Mr Li, returned six months ago from an investment banking job in Canada to his father's vast Cheung Kong and Hutchison Whampoa property-to-telecommunications group. He has executive influence as one of two managing directors in charge of a corporate fund management committee controlling the Li family empire's spare Hong Kong cash and potential investments. These include the satellite television project.

This week, sitting with top executives twice his age, he drew on his experience as a US-trained computer engineer to help present Hutchison's argument that it should be allowed to beam satellite television into Hong Kong, and the rest of Asia.

He warned in an interview this week that the headquarters of the US\$400m (232.6m) proposed satellite television

venture might not be built in Hong Kong - or that the venture might not go ahead at all - if the Hong Kong Government followed the wishes of Sir Y.K.'s cable television lobby and banished it from beaming into local satellite dishes.

"We are a Hong Kong company and we have told the people that we are committed to Hong Kong, but moving our planned headquarters elsewhere is one of the options if we are stopped," he said.

In other parts of the world, cable and satellite technologies have compromised and co-operated. But in Hong Kong the situation is complicated by the two veteran tycoons' decades of rivalry, sharpened by the failure of Mr Li's Hutchison group to win the cable television franchise.

Mr Li's decision to put Richard into the front line adds spice to the saga as Mr Peter Woo, the 45-year-old son-in-law of Sir Y.K. and chairman of Wharf, resigned from the chairmanship of the cable TV consortium six months ago when tensions developed with other partners, including US West.

Senior executives on both sides recognise that Richard Li's unexpected public appearance has raised the stakes: the young man will be determined to win in this, the first Hong Kong business test set by his father. No one in the Hutchison camp will want to be associated with upsetting that ambition.

Hong Kong Cable, in which Sir Y.K.'s Wharf Holdings has the largest single stake of 28 per cent, has developed a bumpy record since it won the cable TV franchise. It is six months or more

behind schedule and has just hired Mr Christopher Derick, a US executive with considerable cable TV experience, as managing director to provide new drive and expertise.

The immediate aim is to stop Hutchison's planned satellite broadcasting. Hong Kong Cable fears Hutchison will steal its potential customers with satellite dishes - known as satellite master antennas TV (SMATV) - placed on blocks of flats long before it has dug up the roads and laid its cable network.

Mr Derick says SMATV would negate government guarantees of an exclusive five-year monopoly made last year, on which it based a HK\$5.5bn (\$405m) investment programme.

"The economics are such that if SMATV is established and they are allowed to put their dishes up willy nilly, I could not build a viable cable system," he says, implicitly threatening to pull out.

Hutchison is a one-third partner in AsiaSat, a communications satellite launched in China early in April. The satellite has potential to reach about 2.5bn people, from Bahrain to Japan.

Hutchison has reserved 12 of the satellite's 24 communications transponders and is drawing up plans for television transmissions covering the entire area. This would break new ground for trans-national television broadcasting from a privately-owned satellite. But it is posing problems for governments in places like Hong Kong, which is preparing legislation liberalising satellite dish installation for single dwellings.

Hutchison claims it does not plan to

operate a SMATV system, as almost all Hong Kong's 5.8m population live in flats, of which 85 per cent are already wired to single television aerials. No new cabling would be required, so Hong Kong Cable's monopoly rights would not be infringed by supplementing aerials with small flat dishes.

Mr Derick rejects the argument and says he wants the Government, which has stumbled blindly into the present impasse, to protect his promised monopoly by letting him control installation of all satellite dishes.

He says he would then be prepared to buy programmes from Hutchison, among other sources, and beam them via dishes through the existing flat's wiring and, later, through his own cable.

He rejects Richard Li's fears that he would stop dishes being installed, and is apparently willing to make this clear in a commercial deal.

That is where a possible compromise lies, although Richard Li is worried that any restrictions agreed or imposed on Hutchison's operations in Hong Kong - which he says only account for 7 per cent of satellite TV's potential advertising - would provide a restrictive precedent for other Asian target countries.

The Hong Government is standing on the sidelines, waiting for the two parties to get together before it drafts proposed legislation.

And the cognoscenti of Hong Kong are watching to see how the latest Li-Pao saga pans out, now that the son of one has moved into the foreground and the son-in-law of the other has with-

Delhi considers radical easing of investment curbs

By David Housego in New Delhi

A LEAKED document from the Prime Minister's office suggests that the Indian government is considering a far more radical programme of economic liberalisation than it has so far acknowledged.

A policy paper prepared by Mr Montek Ahluwalia, the economic adviser to Prime Minister V.P. Singh, argues that India should more actively encourage foreign investment by allowing foreign companies to hold 51 per cent equity in priority industries.

It suggests that India should speedily conclude some highly visible "good foreign investment" deals as a signal to attract more foreign equity capital.

The paper, apparently prepared at the request of the Prime Minister as a discussion document for limited circulation, calls for sharp reductions in tariffs on raw materials, capital goods and components to a level of around 30-40 per cent over the next five years to help Indian industry to reduce its domestic costs.

The paper seems to have been leaked to the press by opponents of further liberalisation within the ruling National Front coalition in an attempt

to scuttle such moves. The strength of this lobby was reflected in remarks by Mr Chandra Shekar, a socialist challenger to Mr Singh within his own party, who declared that all countries which had opened their doors to multinationals "remained poor and politically became a dictatorship".

In the acrimonious debate now taking place on liberalisation within the government's ranks, a further effect of the leaking of the document could be to halt the possible transfer of Mr Ahluwalia to the key post of Secretary to Industry - the senior civil servant at the Ministry of Industry.

Mr Ahluwalia is a former employee of the World Bank who also held the post of economic adviser to former Prime Minister Rajiv Gandhi. He called in the paper for radical subsidies, allowing large companies more freedom to expand and maintaining a competitive depreciation of the rupee.

On foreign investment, Mr Ahluwalia compared India's record of attracting an average of about \$200m of foreign equity capital a year with \$2.3bn to China and \$1.1bn to Thailand.

Amnesty to visit Kashmir

By David Housego

THE Indian government yesterday sought to stem criticism of its human rights record in Kashmir by announcing it would allow Amnesty International to visit the northern state.

Amnesty had been banned from going to Jammu and Kashmir about six months ago when the security forces launched a campaign against a separatist movement. Foreign reporters had also been banned for some weeks but are now allowed to travel in the Valley. India has come under criticism for the brutality with which the security forces have

carried out house-to-house searches, detained suspects and imposed curfew on towns and villages for long periods. The US administration in particular has urged the government to allow foreign human rights groups to visit Kashmir.

Yesterday's announcement coincided with an announcement from the Indian foreign office spokesman that talks between India and Pakistan would be held in Islamabad from July 18 to 20. By giving access to Amnesty, India hopes to blunt Pakistani criticism of its repressive policies in Kashmir.

Shamir restates hardline stance in letter to Bush

By Judy Maltz in Jerusalem

MR Yitzhak Shamir, the Israeli Prime Minister, in a letter to President George Bush of the US, yesterday restated the Likud party's position and rejected key elements of the US-initiated peace proposal centring on Israeli-Palestinian talks.

Replying to a letter from the US president, in which he was asked to outline his new government's position on the peace process, the Israeli premier said Likud considered unacceptable any negotiations with any Palestinian delegation that included deportees from the Occupied Territories or residents of East Jerusalem - as proposed in US Secretary of State James Baker's peace initiative.

He said, however, that Israel remained committed to talks with Palestinians with a view to holding elections in the Occupied Territories.

Mr Shamir said he would continue to support Jewish settlement in the Occupied Territories. He reiterated, however,

that the government had no intention of settling Soviet Jewish immigrants in the West Bank or Gaza Strip.

Israel has come under mounting pressure from both the US and the Soviet Union not to allow Jewish Jews in the Occupied Territories.

Israeli officials yesterday braced themselves for Washington's response to Mr Shamir's letter, expecting even further strains in relations between the two countries.

Mr Shamir chose to focus most of his remarks on what he regards as increased threats to Israel from the Arab world, referring to this as the heart of the Middle East conflict.

Antagonists search for ways to salvage Middle East dialogue

PLO offers hope of compromise

By Victor Mallet in Tunis

NEITHER the US Administration nor the Palestine Liberation Organisation wanted to break off dialogue; now they will find it difficult to begin again.

President George Bush's decision nine days ago to suspend direct talks - after an attempted raid on Israel by gunmen from an extremist PLO faction - has left the US, the PLO mainstream and its remaining western interlocutors wondering how to salvage a process which once promised to contribute much towards Middle East peace.

With US participation dependent on the PLO's renunciation of terrorism, Mr Bush - under pressure from Israel and pro-Israel congressmen - says he cannot restart talks unless the PLO condemns the raid and begins to take steps to discipline Abul Abbas, the leader of the group which carried it out.

For 18 months the Israelis tried to stop the dialogue and then Abul Abbas did it for them, said one western diplomat in Tunis.

The leader of the PLO, Mr Yassir Arafat, under pressure from Palestinian radicals who favour the armed struggle and reject his decision to recognise Israel, is baulking at another humiliating climbdown in words dictated by the US.

Mr Salah Khalaf, Mr Arafat's deputy in the mainstream

Fatah movement, says: "Of course we didn't like the dialogue being suspended. But we have our own dignity and self-respect. If we could have agreed to accept these [American] conditions we would have agreed before."

Mr Khalaf, better known as Abu Iyad, made it clear, however, that there was still room for compromise. "At the same time, we are reviewing the Abul Abbas operation and when we have some conclusion we will declare it publicly."

Suspension of US-PLO talks is the latest in a series of setbacks for the Middle East peace process. Absence of dialogue could open the way for extremism.

There is little enough trust as it is, a problem which was highlighted by the confusion over last month's UN Security Council vote on a plan to send an investigative team to the Israeli-occupied territories.

The Arab states, already angry about the May 20 massacre of Palestinians by an apparently deranged Israeli, were outraged when the US vetoed the resolution.

The US is believed to have been caught off-guard by the vote, having been assured that Mr Arafat and his Arab colleagues had agreed to a postponement. The Arab insist it was the US which backtracked.

"The Americans contacted

us through the Egyptian ambassador in Geneva and told us they were prepared to approve the Security Council resolution, but they retreated," says Abu Iyad.

PLO were able to discuss such differences directly. The Palestinians found themselves recognised as a negotiating partner in the peace process and were able to explain Mr Arafat's difficulties in controlling his disparate organisation; they appreciated the Bush Administration more than its predecessors.

For its part, the US could point to a decline in terrorism and was able to moderate PLO policy by articulating Israeli concerns.

Both sides agree that those gains are now threatened. The mainstream PLO does not plan to return to terrorism or renounce its recognition of Israel. But it has asked for economic pressure on the US, thetic western Europe, and begun to favour the belligerent rhetoric of Iraq over the quiet diplomacy of Egypt.

"If the Americans are indeed committed to a peace settlement, they have no way but to start the dialogue with the PLO again," says Abu Iyad.

"The moderate voice is waning and the radical voice is rising."

HEAD TYROLIA mares

HTM takes over Brixia

HTM has acquired the renowned Italian ski boot manufacturer Brixia, noted for its Munari and Sanmarco brand names. HTM has a strong market position as a supplier which offers tennis equipment, skis, bindings, cross-country systems and diving gear. By expanding its activities into the ski boot sector, HTM has pushed forward in pursuing its strategy of capitalizing on its available potential to a greater degree. With the takeover of Brixia, HTM advances to a full-range supplier of winter sports equipment.

HTM Sport- und Freizeitgeräte Gesellschaft m.b.H., Tyroliaplatz 1, A-2320 Schwachau

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WORLD TRADE NEWS

The Tokyo and Washington balancing act

Robert Thomson analyses the agreement yesterday on the Structural Impediments Initiative

THE MANY hours spent yesterday attempting to get the words right for the final report of the Structural Impediments Initiative are a measure of the sensitivity of the ambitious exercise, and an indication that both Japan and the US have at least the intention to take their promises seriously.

SII has produced more detail than could have been expected from a brief that was ill-defined, and the negotiators from both countries deserve credit for forcing awkward issues to the surface in Japan, although the US side of the bargain still lacks detail.

The initial reason for SII, a \$60bn (\$28.5bn) bilateral trade surplus in Japan's favour, could undermine the standing of the report, particularly if the present weakness of the yen prompts a feared increase in the Japanese surplus and the US Congress focuses on the figure and not on the longer-term goals of SII.

In Japan, if public opinion polls are taken as a guide, a clear majority of Japanese believed that the government should adopt at least some of Washington's requests to improve infrastructure, untangle

the distribution system, and monitor the role of corporate groupings.

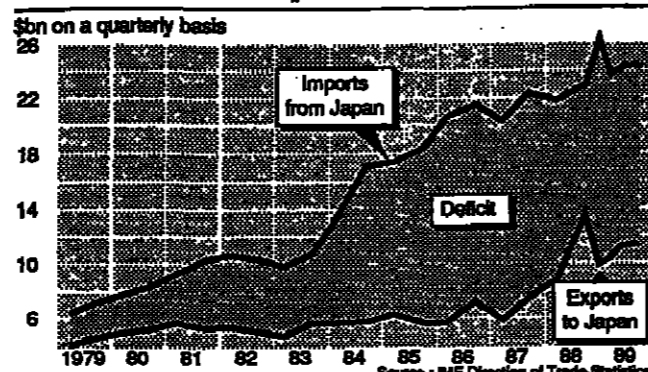
As the delay in the talks this week has shown, the most difficult demand for the government to accept has been to make public investment a set percentage of gross national product, preferably increasing the level to 10 per cent from the original offer of 8.3 per cent. A second serious point of discontent was the format of follow-up talks.

The issues were settled after a telephone call from President George Bush to Mr Toshiki Kaifu, Japan's Prime Minister, who has been put under personal pressure from the US Administration since a week-end in Palm Springs with the president last March, when SII was embarrassingly behind a schedule set last September.

Mr Bush has put much effort into cultivating a personal relationship with Mr Kaifu, who comes from a weak faction within the ruling Liberal Democratic Party and who has had his standing in Japan enhanced by the president's willingness to deal with him directly.

Agreement on the public investment issue was reached

US trade with Japan



when Mr Kaifu agreed to increase planned spending over the next decade by ¥15,000bn (\$56.6bn) to ¥430,000bn, and made clear there would be another ¥25,000bn by the recently privatised Nippon Telegraph and Telephone (NTT) and Japan Railways.

The US has argued that reducing the gap between domestic saving and investment is important for a reduction in Japan's current account surplus, which was \$70.18bn in the financial year to end March, down \$25bn from 1988.

"The appropriate way to close the gap is not by reducing Japanese savings but through increased investment. Japan has also an acknowledged need for a substantial increase in public infrastructure investment to improve the quality of life," according to an official summary of the final report.

Japanese officials indicated that the report was delayed because of debate over the follow-up procedure. The US wanted to establish an institution able to raise and resolve new "structural" problems,

while Japan wanted a committee to review only the issues already raised.

The compromise is to convene meetings which will "review progress" and "discuss matters relevant to problem areas already identified in the SII", which appears to give the US significant freedom in raising new disputes, as long as they can be linked to the areas already under discussion.

On the question of high land prices, which the US said hindered new business entrants and improved existing businesses' ability to borrow, Japan has agreed to identify idle or under-utilised land, regulate zoning limits on building heights, and reform the land tax system.

And on the controversial distribution system, Japan has agreed to reduce the approval period for new large retail stores from 18 months to 12 months and "to increase the transparency of the approval process with the emphasis on concerns of consumers rather than competitors".

Processing of new patents will be reduced from an average of 37 months to 24 months

over the next five years, and the Japanese government has agreed to study the corporate groupings or "keiretsu" and provide more information on transactions within the groups, which the US says restrict opportunities for foreign companies.

Compared to these detailed reforms, the US commitments are vague and more an expression of good intention than fundamental policy changes. The US Administration has promised to reduce the budget, remedy the savings and loan industry problem, improve the education system, and stimulate private savings.

There is also a pledge to release a statement soon "reaffirming a strong commitment to open and non-discriminatory direct investment", and the Treasury Department will continue to make clear to Congress its opposition to pending legislation which would tax certain foreign shareholders on capital gains from the sale of stock in US corporations.

During the talks, Japan has complained about US slowness to adopt the metric system, and so the US will "develop a timetable" for metrification.

Siemens in Polish telephones venture

WEST German electronics group Siemens is to form a joint venture to make digital public telephone switching systems in Poland, AP-DJ reports from Frankfurt.

The venture, with ZWUT, Poland's largest manufacturer of electronics and public telephone networks, will make Siemens advanced EWSD public telecommunications switching systems. Starting next spring, it expects to produce in line connections a year to the system.

Siemens said it would own 49 per cent of the venture, which would need about DM50m (\$27.3m) of investment. The Polish accord is the third that Siemens has with east bloc countries. The others are with Czechoslovakia and the Soviet Union.

Thyssen Handelsunion, a subsidiary of steel and engineering group Thyssen, is to form a joint venture with East Germany's VEB-Metallurgiehandel, Reuter reports from Düsseldorf.

The venture will be 50 per cent owned by each partner, with an ordinary share capital of DM20m. Thyssen has an option to acquire 74 per cent.

The enterprise will market materials, such as steel, tubes and plastics, to industry and traders.

It has warehouses throughout East Germany and a workforce of 1,500.

West German bank Bayerische Vereinsbank said operations at its 18 branches in

East Germany would start on July 1, when monetary union between the two Germanys starts, Reuter reports from Munich.

French car maker Peugeot is in advanced discussions over establishing a factory in Gorki, the Soviet Union, that would make top-of-the-range cars, a Peugeot spokesman said, Reuter reports from Paris.

It received a Soviet delegation in early February which showed particular interest in Peugeot 605 model, he said. Its Peugeot 605 model, Peugeot chairman Jacques Calvet has also made contact with Czechoslovakia's Skoda and is in talks over the development of a Peugeot and Citroen distribution network in East Germany, he said.

The joint venture between Rodman & Renshaw and an Austrian bank should result in eastern and central Europe using US futures exchanges to buy and sell agriculture and energy commodities, Rodman Chairman Mr Kurt B. Karmin said Reuter reports from Chicago.

After a press conference announcing the joint venture with Creditanstalt-Bankverein of Vienna, Austria, Mr Karmin said the establishment of brokerage offices in eastern and central Europe may lead to more business for American futures exchanges. "To begin with it will represent only a small percent of (Rodman's) domestic business," he said, however.

South Korean company in Chilean mine project

By John Riddling in Seoul

LUCKY GOLDSTAR, one of South Korea's largest conglomerates, is to participate in the development of a copper mine in Chile, in the first direct investment in the country by a South Korean company.

Lucky Goldstar said yesterday that it had signed a joint venture agreement with Midland Bank of the UK to acquire half of Midland's 80 per cent stake in the Los Pelambres copper mine. Lucky Goldstar is to pay \$30m for its stake. The remaining 20 per cent of the shares are held by Antofagasta of Chile.

Under the terms of the agreement, Lucky Goldstar will have sales rights to 60 per cent of the copper produced at the mine. Copper production will start in 1992 with annual capacity estimated at 20,000 tons.

According to a company spokesman, Lucky Goldstar

intends to ship all of the copper to Korea and supply it to Lucky Metals, one of the group's subsidiaries. The spokesman said that the deal will ensure a stable supply of copper and is consistent with its strategy of securing a constant supply source of important raw materials.

Currently, Korea depends on foreign companies for all of its supplies of copper. Financing for the project was arranged by Midland Bank using its exposure to Chile through a debt for equity swap. A spokesman for Midland said that "the deal allows us to recover a substantial amount of our exposure to Chile by virtue of hard currency which will be paid by Lucky Goldstar for its participation at almost face value."

The entire cost of the project involves \$62m in face value debt.

NZ seeks greater access to Korean beef market

By Dai Hayward in Wellington

PROBLEMS over access of New Zealand beef to the Republic of Korea are being aired in Seoul this week in a meeting between New Zealand government officials and officials of the Korean government and meat industry.

New Zealand is concerned because although the Korean beef market was recently opened, its exporters are having difficulties winning substantial orders. Korea works on a tender system with the Korean Livestock Products Marketing Organisation, accepting bids and acting as an intermediary.

Australia has so far been the most successful supplier of beef followed by the US, Canada and New Zealand.

Korea has signed beef access agreements with the US and Australia. New Zealand exporters believe they should be supplying larger quantities and the meeting will endeavour to resolve marketing problems.

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John Riddling

MANAGEMENT

Developing eastern markets

Why ICI is reappraising its logistics

The chemicals group is approaching opportunities emerging in the Soviet Union with caution, reports Charles Leadbeater

Yon will not find many chairmen of international companies with a turnover of more than £150m touring a small, dishevelled chemical plant at 8am on a Saturday morning.

But earlier this month Sir Denis Henderson, the chairman of ICI, the large UK chemicals group, was sampling the delights of the Polimer plant, set amidst the tower blocks in Kiev's sprawling suburbs. After a swift survey of the plant, which is one of ICI's leading Ukrainian customers and a discussion with its energetic director, the Soviet managers offered their British counterparts traditional hospitality. As the clock struck 9am they were cautiously lifting glasses of Georgian wine to their lips.

Sir Denis's trip to Kiev was designed to symbolise to ICI's management and staff its determination to explore and expand its eastern markets. Next month the company's board will consider a report prepared by John Mitchell, head of its east European operations, which will recommend that each division include plans for eastern Europe as part of its global strategy.

Although none of the east European economies has yet created a fully fledged market economy, competition between western chemical manufacturers is intensifying. The West German companies BASF, Bayer and Hoechst are strongly represented in many countries and US groups are showing mounting interest.

ICI will be committed to these markets, but its commitment will be tempered with caution. Sir Denis says of the Soviet Union: "This is an enormous market, with huge potential. The standard of living is well below the West, but people have western attitudes which will have to be satisfied. But it will take a long long time until the political and economic framework is of a kind which we can understand and do business within."

ICI will pursue an evolutionary approach. Its long-standing trade with the country has made it

Britain's largest exporter to the Soviet Union with sales of between £50m and £60m this year.

ICI opened a Moscow office in 1979 and has become adept at dealing with a centralised democracy. It has agreed orders through negotiation in Moscow which in turn would distribute the product to final customers.

That system is starting to break down, as republics, city councils and enterprises claim more power. Increasingly, the company will have to start selling in the way it does in other countries, dealing directly with thousands of customers, haggling over prices, bidding and re-bidding for business.

"We were very good at playing the old system. It used to be a very cost effective way of selling. Now we have to get out of Moscow to deal directly with customers," Mitchell says.

ICI believes the Soviet market offers considerable opportunities for many of its divisions.

The shortage of many staple foods will create strong demand for agro-chemicals to raise crop yields. Through a series of recent acquisitions ICI has built up a strong seeds business, which includes the unlikely jewel of Garst seeds at Coon Rapids in Iowa, in the US.

Garst, which mainly produces maize seeds, has strong links with the Soviet Union stretching back to a visit Nikita Khrushchev made to Coon Rapids' maize fields when he was general secretary of the Soviet Communist Party.

Polyurethanes will be in demand from the expanding car industry and shoe manufacturers. The parlous state of Soviet health care will make investment in pharmaceuti-



Sir Denis Henderson reckons that the UK chemicals group is likely to set about building plant in the Soviet Union later rather than sooner

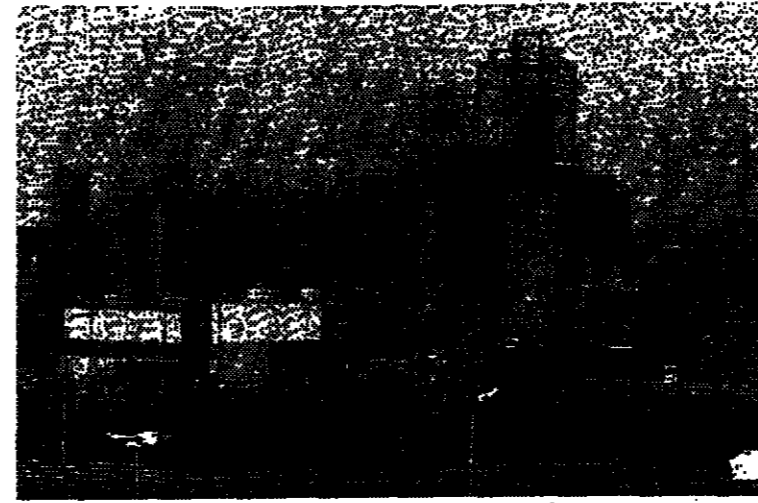
cal a priority. The huge unmet appetite for higher quality consumer durables should feed through into demand for better paints and coatings.

ICI plans to exploit these opportunities gradually to build up a sustainable business base.

After six months of negotiations it is on the verge of opening an office in Kiev, in the Ukraine, and has plans for another in Vladivostok to complement its other Far Eastern activities.

Beyond spreading its expanding salesforce across more of the territory, ICI will pursue selected joint ventures, designed to build up a customer base and form the foundations for eventual manufacturing.

Its first joint venture in Lenin-



grad, to create a marketing and engineering centre for powder paints used to coat consumer goods, will test not just the size of the market, but its sophistication as well.

ICI wants to educate its potential partners in the importance of quality and service as well as price. It also wants to establish which customers are most likely to prosper and thus which it should concentrate on. Only then will it move into joint manufacturing.

A similar strategy in polyurethanes means that the first step will be to establish a systems house to mix polyurethanes to meet particular customer demands. If that is successful, there may well be a case for a Soviet polyurethane manu-

facturing plant, Sir Denis says. In agrochemicals ICI is attempting to build on the success of its experimental farm just outside Kiev, where wheat and fodder pea yields have been increased dramatically. It is working on a further five farm projects and demonstrating its products at another nine.

It hopes to encourage collective farms to form large associations which will bulk-buy agrochemicals and technical support. As centralised state buying comes to an end it will be a handy alternative to sending a salesman tramping around thousands of collective farms.

However, even a judicious approach will not allow ICI completely to escape some troubling dilemmas.

Any expansion into eastern Europe will have to fit with the rest of ICI's strategy whether in product development or on the environment. Yet that will be difficult because the eastern economies are so underdeveloped.

ICI wants steadily to move away from bulk commodity chemicals towards higher value added products tailored more to the needs to final consumers.

"We will not be putting in huge investments into vast plants. We may not be in that scene anywhere," Sir Denis says.

Yet there is still a lot of unmet demand for fairly standard products which simply trade on price. Most Soviet producers are just starting to think about setting their own prices and haggling over input costs. Customer service and attention to quality is still on the far horizon.

So it may be difficult for ICI to maintain the integrity of its international strategy to trade on quality and service as much as price, while also building up its Soviet presence.

Environmental issues will present a similar dilemma. ICI does not want to be associated with plants spewing out fumes over industrialised cities. Yet it will cost billions of dollars to clean up the Soviet chemical industry to current western standards, which themselves are under attack from environmentalists for being too lax.

It wants to pursue the sort of strategy it has adopted elsewhere to forge close links with customers which will prosper in the long term. It is possible to assess the differences in the quality of Soviet managers, but most plants look shoddy by western standards after underinvestment and neglect. Picking out

the customers most likely to be successful in the long run will be difficult. The most successful may turn out to be those which received a lot of western investment and management at an early stage.

The centralised selling system based in Moscow was a much more cost effective way of doing business than the more decentralised system which is emerging.

Seeing an cue Soviet Union will require more Russian linguists prepared to tramp from Kiev to Kiev and back again selling the wares. The costs of doing business in the Soviet Union will rise quite significantly.

But in the long run cost will probably not be as important as political reform which will determine the balance of risk and return.

"If there is a high political risk you want to be able to get your money back fast. The more stable the regime the happier you are to take a patient approach. This must be a patient approach. This must be without much political stability for some time," says Sir Denis.

The demands for investment in the East will have to be set against the needs of other parts of the world where customers are affluent and sophisticated, such as western Europe and the Far East. Sir Denis says the Ukraine's roads, hotels, clothes and cars most reminded him of India, which he estimates is ahead of the Soviet Union in the international competitiveness of its industry.

In a good year ICI gets about a 12 per cent return on sales and a 24 per cent return on assets; that is the standard eastern Europe will have to match to claim investment funds as it becomes more integrated into global business strategies.

So significant manufacturing joint ventures, demanding large capital sums are unlikely before the second half of the decade.

As Sir Denis remarks: "If it has taken us some time simply to negotiate our way to opening an office in Kiev it is interesting to think how long it would take to build a plant."

These abstracts are condensed from the abstracting journals published by Author Abstracts, Cambridge University Press, and are the original articles may be obtained at a cost of £10.00 per article plus £1.00 per page. For further details contact: West Yorkshire Press Ltd.

Management abstracts

AIDS at work. *Health & Safety at Work (UK)*, Jan 90 (2 pages).

Briefly surveys the spread of AIDS in the US and how private companies have tackled the problem; reveals that, while the impact of the disease on work performance and in economic terms has been great, only a small minority of employers (less than 10 per cent) has introduced formal policies to deal with it. Outlines the main types of company response, e.g. total denial that it is a workplace issue,

and points to instances where large companies, such as General Motors, have concentrated on awareness campaigns.

Winners and losers: the crucial differences. *Industrial Marketing Digest (UK)*, Vol 15 No 1 90 (5 pages).

Quotes the managing director of strategy consultants, Braxton Associates, who conducted research into three manufacturing sectors - mechanical engineering, textiles and automotive components - to compare companies within these sectors, their relative performance, and interpretations of marketing, competi-

tive strategy and corporate culture. From this research, certain theories have emerged, e.g. winners rate their marketing and market share as poor in relative terms but R&D/profitability good, suggesting that "behind every winning company there is a group of people who run a little bit scared... and never get complacent."

Making equal opportunities training effective. *M. Simmons in Journal of European Industrial Training (UK)*, Vol 13 No 8 89 (6 pages).

Presents new perspectives on the issues underlying unequal-

ity of opportunity and discusses their implications in training. These perspectives include the notion that inequality is a system of institutionalised discrimination and that managers need to be trained for "equality leadership". Illustrates the "basic cycle of oppression" and believes the principles discussed here are as true for work on race and disability as for gender (though this is mainly about women).

Free to manage long-term. *E. A. Reynolds in Financial Executive (US)*, Nov/Dec 89 (5 pages). Suggests that if US business

is to be competitive it must be free to manage for the long-term, and that it must attract and encourage long-term investors; suggests three steps towards achieving this: (a) encourage employee investment in ownership (b) cultivate investors who use a long-term strategy (i.e. the company should select the institutions rather than the individuals) and (c) evaluate pension fund managers on long-term performance.

Quality by design. *D. Clousing + B.H. Simpson in Quality Progress (US)*, Jan 90 (4 pages). Reinforces the message that

design should be guided by precepts of problem prevention, reduction of unreliability, and elimination of waste; elaborates on each area.

Achieving worldwide advantage with horizontal organisation. *R.E. White + T.A. Poyner in Business Quarterly (Canada)*, Autumn 89 (6 pages). Discusses the key inter-related attributes possessed by effective horizontal organisation, which have dispensed with traditional vertical chains of command. These are lateral decision processes, a horizontal network, and shared decision premises; looks at ways they

can impact on decision areas, particularly in relation to product flows, developing and adjusting programmes, and sharing information and knowledge. Outlines that a horizontal organisation is especially relevant and beneficial for multinational strategy.

A feasibility study of JIT purchasing implementation. *F.P. Gupta in International Journal of Operations & Production Management (UK)*, Vol 10 No 1 90 (11 pages). Studies a Canadian company, currently considering the use of just-in-time purchasing, by presenting an analysis

of each important area to be considered. The company is part of a multinational group based in California, and has widespread suppliers which include several sister companies from whom it is compelled to buy. While there would be tremendous benefits from JIT, there are several factors, mainly to do with lack of control, which suggest that JIT purchasing would fail.

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ENGLAND & WALES

THE BRITISH VIRGIN ISLANDS

Friday June 29 1990



The BVI steadied a shaky economic base in the 1980s with a rapid entry into the Caribbean offshore

finance business. But, to avoid trouble, such as banking fraud and narcotics-related scandals, the 1990s are going to require constant vigilance, says Rachel Johnson

Vigilant in the finance sector

THE PILLAR boxes are red; the telephone booths were designed by Sir George Gilbert Scott; the Union Jack flutters in the trade winds above the Governor's residence in Road Town, where islanders drive dinky Suzuki jeeps on the left hand side of the road.

The British Virgin Islands are one of a handful of the UK's dependent territories and they show no signs of wanting to be of the crown. "American money, British security," together with the astonishing natural beauty of the islands, are counted among their chief blessings.

About 60 miles to the east of Puerto Rico, there are about 50 BV Islands, with picturesque names such as Fallen Jerusalem and Dead Chest Island scattered like beads in the Sir Francis Drake Channel.

Columbus sailed past on his second voyage in 1493, but the Dutch were the first permanent settlers in 1633. The BVI was granted their present constitution as a self-governing dependent territory in 1967, and its Governor, currently Mr. W.A. Herdman, is appointed by the Queen.

The relationship between the UK and its dependency is a rather distant one. When asked

where the Virgin Islands were, Winston Churchill is said to have replied that he had no idea; but he would imagine they were as far away as possible from the Isle of Man.

Years later, the UK's Overseas Development Agency regards the dependency as an expensive anachronism. It is preparing to pare its grant to the home, on the assumption that the islands' youthful, mushrooming offshore financial sector will provide enough revenue to fill the gap.

The turnaround from poverty to self-sufficiency has been rapidly achieved. The growth in tourism, which contributes about 24 per cent of the islands' \$150m gross domestic product, only began in the 1960s while financial services, the second of the islands' big revenue-earners, developed in the late 1970s.

Without these two, the islands would still be heavily dependent on the UK for budgetary aid. As it is, the islands have "first call" on the UK's overseas aid budget, and use British capital for improvements to the islands' primitive infrastructure.

The London-based West India Committee says the islands are mere "dots in the

ocean" to the UK; and the Governor has only a minor role to play in a territory of 59 square miles with a civil service of 1,400 people. The Chief Minister, Mr. Laverty Stoutt, was elected by the locals in 1988, in a vote of confidence for the parochial politics of the Virgin Islands Party (VIP). "It is a small village with the panoply of Westminster," the committee says.

The British tag helps sell the islands' primary assets - sea, sun and sailing - to its primary tourist market, the US. It helps to sell its offshore financial services to the thousands of investors who have taken advantage of flexible tax legislation to incorporate in the BVI.

This expansion, together with the increasing use of the Caribbean for narcotics smuggling, is a cause of great anxiety to Whitehall. There is increasing nervousness lest the BVI, now one of the fastest-growing tax havens in the world, should erupt in scandal and discredit the UK.

The BVI's entry into the competitive offshore business was fairly offbeat. When favourable double tax agreements with the UK and the US were terminated, the islands' private and public sectors retaliated with a piece of trend-setting legislation: the International Business Company Ordinance of 1984.

The Panamanian banking crisis in 1988 under General Manuel Noriega was the flip side of the BVI's sector needed. Assets were pulled out of Panama and reinvested in more stable havens, notably the BVI.

There are about 22,000 IBCs incorporated on the islands, and about a dozen financial institutions holding licences under the Banking Act. This allows investors to deposit lawful assets in a company and avoid taxes - all reasonably quickly in banking fraud investigations to work in the dependency. He will be very busy: the "shell" companies, each with their own engraved plaque, now outnumber the islands' population.

Like any other Caribbean offshore financial centre, the BVI's financial sector must find it hard to eliminate the risk of money laundering drugs money. "Every offshore



The view from Tortola looking out to Jost Van Dyck Island

the US and the UK to weed out the bad apples.

The UK is anxious that the BVI does not have as rapid an exit from the offshore race. The ODA is contemplating the appointment of a full-time expert in banking fraud investigations to work in the dependency. He will be very busy: the "shell" companies, each with their own engraved plaque, now outnumber the islands' population.

Like any other Caribbean offshore financial centre, the BVI's financial sector must find it hard to eliminate the risk of money laundering drugs money. "Every offshore

centre has its baptism of fire," says a Scotland Yard drugs enforcement officer on secondment to the BVI. It has suffered one narcotics-related banking scandal up to now; but neighbouring Montserrat, which has tried to base its offshore sector on that of the BVI, has just had a moratorium placed on banking licences.

A Government-commissioned report by Mr. Rodney Gallagher, of Coopers and Lybrand, last year said that the BVI's regulation was a "bare minimum," especially for the trust companies, and ongoing inspection a rarity.

The BVI's offshore sector

would benefit from a Financial Secretaries Panel. Furthermore, the social structure of the tiny Caribbean islands made policing and indictment for both banking fraud and narcotics crime a difficult business, the report said.

The increasing use of the Caribbean archipelago for the transshipment of narcotics from South America to the US has had a perceptible impact on the islands. As the US Drug Enforcement Agency has cracked down on US Caribbean islands, smugglers have rerouted drug traffic via the BVI - which has just one police boat, and an aircraft

shared with the Turks and Caicos Islands. Sailors report sales of marijuana regularly to the police; and the Police Department says that more cocaine was confiscated in the BVI last year than in the UK.

The availability of the drug is threatening to contaminate what has been described as the safest, most crime-free place in the Caribbean. The price of a gram of cocaine has dropped from \$120 last year to \$30 this year. Road Town has a red light and crack district - but it is difficult to get a jury to indict a BV islander for a drugs offence, says Road Town lawyer, Mr. McWelling Todman.

This limited capacity for policing has implications for money laundering offences too. Regulation and supervision is the responsibility of the police and Attorney General. With only 95 men - and one officer on secondment from Scotland Yard - there are no specialist commercial crime or fraud investigation staff.

The Government is desperately keen to retain its conservative image. The islands' motto is vigilance. But Mr. Robert Mathavious, Financial Secretary, says there is no way of knowing whether the companies registered in the BVI represent drugs' profits.

In the 1990s, the BVI know they have to husband their success in offshore finance, and remain at the cutting edge of new product development to remain competitive. Their economic problems are more intractable. With rapid development have come high wage rates, high import levels, and chronic labour shortages. Infrastructure can be and is being developed. But further growth - and the islands' ambitions as a financial centre - are being hampered by their labour market. The BVI have to import between 55 and 70 per cent of their workforce. For example, Barclays Bank wants to upgrade its office on Virgin Gorda to full branch status. But there are no applicants for the jobs. The limits to growth are being set by the BV islanders. They realise that scrambling for the wrong sort of business will drive away the legitimate investor as quickly as cruise ships drive away yachts from the islands' perfect beaches and bays.

IN THIS SURVEY

■ The economy: transformed from subsistence to service; Tourism: picking up the pieces after Hugo. Page 2



■ Finance: the islands' role as an offshore financial centre; Selling: one of the main attractions. Page 3



■ Travel: the trip to the BVI has its ups and downs; The infrastructure: development is at a critical stage; Map. Page 4



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Message from the Honourable H. Laverty Stoutt Chief Minister and Minister of Finance of the British Virgin Islands



I am extremely delighted that the Financial Times has chosen to produce a survey at this time as it provides the international business community with a welcomed focus on the British Virgin Islands - a small multi-island open economy which, given our well-established track record of social, political and fiscal stability, does not often attract the attention of the international media.

Because of its limited resource endowment, the BVI has always been dependent on external capital and on the calibre, innovation and adaptability of its people to spur its development process.

I am particularly proud of the strides we have made over the last few years. Our achievements have enabled the BVI economy to expand dramatically and to become one of the most envied economies in the Eastern Caribbean, enjoying one of the highest per capita income levels (\$US\$9,380) in the Caribbean. Tremendous progress has been achieved in almost every sector and the average growth rate since 1986 has been approximately 9.92%.

My Government's development thrust is aimed at improving the quality of life for all persons living in these islands and, at attaining and maintaining a well-rounded economy. Our long-term goal is to develop these islands into the region's foremost service economy through assiduously nourishing and exploiting to the fullest our comparative advantage in tourism and financial services while, at the same time, jealously safeguarding for future generations of BV Islanders those very attributes which have contributed to our success thus far, i.e. our tranquil and picturesque environment and our reputation as a centre for the conduct of legitimate international financial activities.

We are determined to build greater resilience in the economy to maintain economic stability for the generation of balanced growth and development and to insulate the attainment of such growth and development against adverse shocks to the economy.

Our economic fortunes will, for a considerable time, be significantly influenced by the two complementary global growth sectors which bring in foreign capital to the Territory and which are the cornerstones of our economy, i.e. tourism and financial services. It is in this regard that we are determined to forge and strengthen the linkage between these two sectors and the agriculture, fishing, manufacturing and construction sectors.

We believe that a dynamic private sector is critical to our future prosperity. We are, therefore, committed to the principles of open government, involving widespread consultation with the private sector on matters of mutual concern. That sector will confirm that no major measure affecting the fortunes of the people of the BVI is taken to the Legislative Council without prior public consultation and, of course, weight is always given to the views expressed.

We further believe that the best Government is that which concentrates on setting the rules of the game and leaving the players free to get on with it, confident that the rules will not be suddenly or drastically altered as the game proceeds. We, as a Government, are, therefore, committed to a policy generally supportive of private sector initiative and to the maintenance of an economic environment wherein economic enterprise can thrive and flourish.

As a visitor destination, the British Virgin Islands offer a unique blend of the best sailing waters in the world, together with finest hotels, properties ranging from the internationally famed Rock Resorts to exquisite Norwegian and other European-owned accommodation, as well as moderately priced facilities. Our individual and private vacation villas are well appointed and located in some of the most scenic spots in the Territory, mostly on the beautiful beaches or within walking distance thereof.

The British Virgin Islands is, of course, known as the world's bareboat capital, as it possesses the largest fleet of boats in this category of sailing. This is a natural phenomenon as the waters surrounding our islands are a dream for both the seasoned sailor as well as the novice. Government continues to pursue a policy of controlled "up-market tourism", which has resulted in making a BVI vacation attractive to the visitor who is looking for an unspoiled and uncrowded Caribbean island.

An initiative aimed at keeping the BVI on the cutting edge of the yachting industry will be announced shortly. The objective is to make the Territory even more attractive to "mega yachts" as well as "crewed" charter boats. Guidelines to regulate cruise ships visits are being developed to ensure that passengers enjoy the many offerings of the Territory. These guidelines will also ensure that there is minimum disruption to the quality of the offerings for longer stay visitors.

In the realm of Financial Services, the BVI has emerged as the preferred Caribbean corporate domicile for thousands of businesses. This has largely resulted from the success of our landmark legislation, the International Business Companies Act, enacted in August 1984. This modern piece of corporate legislation which has been copied by a number of competing jurisdictions has enabled approximately 30,000 companies to be registered in the BVI, thus contributing much needed government revenues and creating a number of new jobs. We are determined to make the BVI a jurisdiction even more attractive to legitimate businessmen. However, we are committed to preserving the very attributes which have made these islands an attractive place from which to do business and to ensuring that further offshore centre development takes place in a progressive, yet orderly and better regulated fashion.

To facilitate this, a number of new measures which will enhance our ability to monitor and regulate the industry are to be introduced in the Legislature shortly. These measures which incorporate the recommendations of the Coopers and Lybrand survey on Caribbean Dependencies commissioned by Her Majesty's Government include a new Bank and Trust Companies Act, a new Company Management Act, a new Trusts Act, a new Limited Partnership Act and an Insurance Act together with some amendments to the IBC Act, designed to improve a number of technical aspects of the Act. The new legislation is expected to be on the statute books before Autumn, 1990. When this has been achieved, the BVI will have the requisite legal framework to enable it, over time, to become the foremost financial centre in the region.

My Government is equally committed to ensuring that BV Islanders are not crowded out of productive investment opportunities but rather are encouraged and given every opportunity to partici-

pate meaningfully in the development of these islands.

A programme of human resource development aimed at providing the required numbers of skilled personnel to meet the varied needs of our developing economy remain a top priority of Government. We have continuously expanded and upgraded pre-primary, primary and secondary education facilities and programmes in this pursuit. Recently, we have launched the British Virgin Islands Community College, an institution specifically designed to meet the needs of the community, thereby eliminating the necessity of all BV Islanders having to go abroad in pursuit of tertiary educational opportunities. The BVI Community College will enable us to better equip our people to participate more meaningfully at all levels in our country's prosperity.

The Government has not been unmindful of the need to upgrade physical infrastructure to keep pace with current and future developments. Our Public Sector Investment Programme 1989 - 1993 includes:

- a new Beef Island Airport Terminal;
- new Central Administration Complexes on Virgin Gorda and Anegada;
- sewerage extension schemes;
- improvements to Peebles Hospital;
- potable water supply schemes;
- ports and harbour schemes;
- a solid waste incinerator
- improvements to the national road network; and
- the BVI Community College.

Work has already commenced on a number of these projects. The Government will be redoubling its efforts to attract the private direct foreign investment, particularly in tourism and related activities. Our relatively risk-free country boasts as one of the highest international credit ratings among countries of the Caribbean, and the area is virtually crime free. It displays a degree of sophistication not normally associated with so small a territory; state-of-the-art telecommunication facilities link the Territory with the world and its pivotal location in the Caribbean all augur well for transforming the BVI into the total business centre of the Caribbean.

We in the BVI can feel optimistic as we look toward the future. I have every confidence that, with the public and private sectors working towards a common purpose, we shall maintain the image that has made possible our progress.

H. Laverty Stoutt

H. Laverty Stoutt
Chief Minister
and Minister of Finance

THE BRITISH VIRGIN ISLANDS 2

The economy has been transformed, says Rachel Johnson

From subsistence to service

IN THE Government Office on Main Street, one block away from the beach, Chad's Ice-cream Shack and the Sunny Caribbean Spice Shop, Mr Robert Mathavious, the Financial Secretary and his deputy laugh about the "voodoo economy."

The secretary explains there is nothing voodoo about the BVI's tradition of fiscal rectitude and a balanced Budget - and jokes about sticking pins into anyone who disagrees.

When Mr Laverty Stout, the Chief Minister, paid a recent visit to Britain, he said that the BVI got short financial shrift from the UK Government not because their figures were so bad - but because they looked so good.

Mr Stout aims to present tight budgets without tax increases, and to maintain the recently-attained surplus on the current account. Because the capital grant from the UK has been evaporating to about the \$750,000 mark, whatever surplus the Finance Ministry can conjure up is as precious as rainfall on the islands. Capital assistance from the UK will cease after 1992.

The economy, which was a subsistence one dependent on agriculture and fishing, has been transformed into a service-based one of tourism and financial services, helped by favourable corporate legislation, lack of exchange controls, and the use of the US dollar as currency.

In 1989, provision was made for expenditure of \$32.4m, while anticipated revenue receipts were budgeted at \$22.7m, leaving a surplus of \$404,200. Including capital transfers, the Budget managed to produce an overall surplus

of \$800,000. The conjuring of the surplus is no black magic - but has, as Mr Stout and his team have frequently pointed out, one evil consequence.

"We have been penalised for good housekeeping," he says. The per capita income of the islands - based on a conservative population estimate of 14,500, is as high as \$10,000, with a gross domestic product of \$150m. This is almost double the average of the BVI's Caribbean sub-grouping of the Organisation of Eastern Caribbean States. Only the Bahamas, Bermuda and the Cayman Islands have a higher per capita income.

So the Government complains that while its neighbours can plead poverty when they make their bids for cheap loans or debt rescheduling, the BVI suffer for their thrift.

Nonetheless, hurricane Hugo, which caused an estimated \$120m worth of damage, coupled with ambitious planned infrastructure projects, means that, unusually, the BVI is going to have to spend heavily until 1993.

In order to carry out its public sector investment programme, it will avail itself of soft loans, from a variety of sources: the European Community, from the Caribbean Development Bank, and from its own funds drawn from the Social Security revenues, which has deposits of \$40m.

Drawing on such loan sources this year and beyond will result in a sharp rise of debt. As a percentage of GDP, debt is expected to rise from just 1 per cent of the \$150m GDP last year, to 26 per cent this year.

The unaccustomed problem of a higher debt ratio this year, should not detract from appreciation of what has been a buoyant growth rate. The most recent rise in growth was in 1988, although the last 20 years have seen rapid growth by Western standards. GDP growth in 1989 was 14.5 per cent.

The Government is proud of this, especially of the performance of the two fastest growing sectors, tourism and financial services, which contributed 24 per cent and some 20 per cent respectively to GDP in 1989. But the Government regrets there is still not enough money for a public

Drawing on such loan sources this year and beyond will result in a sharp rise of debt

transport service, new schools and social programmes.

A thumbnail sketch of the economy reveals that the BVI have some big economic problems. It has been noted in the UK that Government capital expenditure is constrained more by poor management than lack of resources. Like many Caribbean islands, it imports everything from American food to policemen (considered to be more incorruptible).

Mr Emerson O'Neal, of the Development Planning Unit, says that by the end of 1989, the current account deficit was reduced by 17 per cent to \$16.2m. Although the BVI has healthy exports of \$120m-worth of services (tourism and financial services, mainly), its visible trade balance is in the red. The visible trade deficit increased by 88m, or by almost 10 per cent, over 1988. This was brought on by the growth in imports to support the buoyancy in the construction and tourism sectors. The BVI export goods worth some \$4m. Indigenous exports include Trinidadian blended rum, fish, bananas, gravel and salt.

The islands have an unusual labour market problem, based on overemployment - with salaries in the private sector wooing away workers from the public sector and driving up wage rates. Local papers are full of advertisements for unfilled vacancies, and the islands have to import at least 55 per cent of its labour force. Some people are holding down two or even three jobs.

In 1987, a year when GDP growth was running at 15 per cent, the Government said the labour market expanded by 900 jobs. The Planning Unit estimates that the labour force has grown by about 8-10 per cent since 1986, and expects it to grow by 20 per cent between the years of projected peak growth between 1990 and 1993.

The economy's sharp recent growth could usher in a period of slower growth: the tourism market, for one, shows signs of having reached saturation, while the finance sector is constrained by the difficulties of finding skilled staff to man the offices. But Mr O'Neal, chief of the Planning Unit, predicts that 1990 will be another year of high growth, as a result of the Government's ambitious plans for capital projects.

Tourism accounts for 55 cents of every dollar spent on the BVI, and 24 per cent of GDP. "This could go as high as 70 cents a dollar," says Mr O'Neal.

The BVI are expensive. New Yorkers gasp at the price of a cup of coffee, and food is punishingly dear for the sailors who refill their coolboxes when ashore. A beer can cost up to \$2 a glass, and a coke even more. Only rum is cheap.

The BVI import inflation as they do everything else. The islands pick up the US annualised inflation rate and add a couple of percentage points. Consumer price inflation, for example, advanced by 6.7 per cent over the year to December. With interest rates, the banks follow New York's prime rate while, the islands, having a dollar economy, are sensitive to fluctuations in the strength of the dollar.

THE high-class tourist is everything to the BVI. Their white sandy beaches, gin-clear water, constant sun, perfect sailing and array of sumptuous hotels make them the ideal mecca for the super-rich.

Princess Diana comes to holiday on Necker Island - Mr Richard Branson's 74-acre Virgin accessory to his Virgin chain. For up to \$9,000 a day, in the high season, Necker Island is the pinnacle of exclusivity in the islands - where not Britannia, but the tourist dollar rules the waves.

Hurricane Hugo, on September 17 1989, caused damage of an estimated \$120m, but it hit tourist confidence in the Caribbean harder than anything else. For the first time since records of the tourist industry began - and partly because of Hugo - the number of visitors to the BVI has shown a drop, according to Mr Russell Harggan, chairman of the tourist board.

Ms Mary Jo Ryan, manager of the palatial, nautical Bitter End Yacht Club on Virgin Gorda, says: "This year is a make or break for the BVI. The numbers have always been increasing before, now they have levelled off. There is no room for complacency."

Tourism's importance to the economy, however, makes it unlikely that anyone on the BVI will be complacent about the tourism industry.

In his budget this year, Mr Laverty Stout, the Chief Minister, said he expected arrivals to be just short of 250,000, and tourists to spend about \$120m. Mr Pierre Encontre, UN economic adviser to the BVI Government, says that the growth of tourism between the 1980s and 1980s was the main factor behind economic progress on the islands.

The Hotel Aids Ordinance 1983 was one statute giving incentives for tourism development. It waived direct taxes on the importation of raw materials for construction.

However, benefits such as these have run their course. Now the sumptuous array of luxury hotels has no option but to offer paradise at a price. At the Bitter End Yacht Club, vacationers keen to engage in all manner of water sports between spiced rum at breakfast and grilled dolphin at dinner, have to enjoy every moment of their \$275 day.



Virgin Gorda: the second largest of the British Virgin Islands

The number of visitors may have dropped, but

Tourist dollars rule

It is these hotels, as well as the bareboating industry, which remain the essence of the BVI's tourism industry. The pioneer hotel was and remains Little Dix, which has set the pattern for the rest of the industry. The Bitter End, and its neighbour, Biras Creek, are both striving to catch up - one by appealing to the sailor in the US tourist, the other to the people who want relaxation which is "close-to-nature."

With high fixed overheads, hoteliers have no room to go downmarket, and consequently no guaranteed survival on the islands. They need a flow of guaranteed bookings, capacity utilisation of 65 per cent, and for the repeat visitors to want to keep coming.

For this to happen, the BVI will have to remain the Caribbean's premier yachting destination. The stability of the US market, which supplies about 95 per cent of the island's tourists, is also essential.

Americans are notoriously careful about where they choose to take holidays, not at all attracted by crime or places with drug problems. So the tourist board is trying to attract more Europeans and opening an office in Europe. The islands' need for high volume awakens the debate about a mass market for tourism - which would arguably drive away the essential wealthy tourist for good.

The issue pivots around the cruise ships. When the first came to Road Harbour in 1960, an editorial in the Tortola Times said its arrival might prove to be the single most significant event in the history of the islands' economic development. Now, three times a week, the islands' peace is shattered when a cruise ship puts in to the Cargo Dock at Road Town and disgorges 700 passengers.

On the other hand, the cruise ships bring business, even though they undermine the peaceful, upmarket image the islands have tried hard to sustain. The cruise ship debate remains unresolved.

The yachting companies say they are worried by the fact that their market has entered a period of sluggish growth. Bookings are rising by only 5 per cent a year.

The \$5m dock development plan, which will enable bigger cruise ships to dock right in town, is a bone of contention between ex-politicians such as Mr Cyril Romney who want to see as many tourist dollars enter the BVI as possible, and those who think that more development will turn the BVI into another St Thomas or Bahamas.

A government commissioned report revealed that renovating the port facilities for cruise traffic would cost more than \$10m and require an increase of ship traffic and passenger visits by 300-300 per cent.

The chances are that the tourism industry on the island will be developed at the expense of beaches, peace, and crystal clear seas - and then the discerning tourist will go elsewhere.

RJ



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THE BRITISH VIRGIN ISLANDS 3

Rachel Johnson on the islands as an offshore financial centre

No hiding place for rogues

THE competition among the Caribbean's offshore financial centres is as hot as the sun.

Each jurisdiction is now, after a period of breakneck growth in the liberalised 1980s, having to fine tune its offshore finance sector. But the jurisdictions are also under growing pressure to tighten up regulation lest banks or "dummy corporations" register in the offshore centres to launder the proceeds of drug trafficking.

The BVI's six-year-old finance sector is no exception to the Caribbean rule. Although this British Dependent Territory has a reputation for being one of the most prudent offshore centres in the Caribbean, its tax incentives and location between Colombia and Miami also make it a likely entrepot for narcotics-related banking fraud.

Its sector is still growing quickly. In 1988-1989, offshore finance was the most dynamic sector of the economy, with a real growth rate of 20 per cent. Financial services now contribute as much to the economy as government services.

After the offshore debacle of Montserrat, which resulted in a moratorium being placed on the granting of banking licences and the closure of a large proportion of banks, the Department of Trade and Industry in London woke up to the dangers of history repeating itself in the BVI.

It recently commissioned a report into offshore financial services in the Caribbean dependent territories, a copy of which lies on every desk in Road Town, the business capital of Tortola.

While the report, by Mr Rodney Gallagher of Coopers and Lybrand gave a cleaner bill of health to the BVI than it did to Montserrat and Anguilla. The BVI Government and business communities have been left in no doubt that they will have to make sure their act is spurring clean. Unless it is, the UK could intervene, as it has done in Montserrat as a consequence of the problems of the banking sector there. The Governor, appointed by the Queen, could take over regulatory control from the Ministry of Finance.

In the meantime, the burden of regulating the BVI's mushrooming financial sector falls squarely on the shoulders of the Financial Secretary, 37-year-old Mr Robert Mathavious. His task which will inevitably get harder as the drug problem escalates and the offshore sector - and with it possibilities for commercial crime - grows larger.

The Government is anxious to convey the fact that it is not throwing caution to the trade winds in its desire to attract more and more offshore business. It says it has taken the recommendations of the Coopers and Lybrand report to heart. In his Budget address, the Chief Minister, Mr Lavity Stoutt, said that if the sector was to attract legitimate business, then both regulation and supervision needed improving. Among recommendations he hopes to see in place by September are new laws for tighter control of trusts, more filed documentation, and the creation of an inspector for banks and trusts.

Behind the highly-contentious

issues of money laundering, and indeed the financial success of the BVI, lies one very popular, simple and flexible statute - the International Business Company legislation. This much-copied, trend-setting statute has been a phenomenal success since it was drawn up in 1984, following the cancellation of preferential tax treaties with the UK and US.

The IBC is the only jewel in the BVI's financial crown. Now the public and private sector financial community - which worked together to develop the IBC law - are unanimous that the BVI needs to offer more services to remain competitive. "There is only one product," says Mr Roger Dawes, managing

Offshore finance was the most dynamic sector of the economy

director of International Trust, one of the BVI's registered trust companies. Feelers are therefore being put out in the direction of investment banking and ship registration - services in which some of its competitors are long established. He says this even though about eight retail banks have got past the regulatory hurdles to win banking licences on the island.

The latest figures show that deposits in these banks grew 8 per cent in 1989 over 1988, and stand at \$265m. For comparison, the Bahamas has about 400 banks, with deposits running to hundreds of billions.

What the BVI means to most international business communities is not offshore banks. From a slow beginning in 1984, the number of company registrations has increased from about 13,000 at the end of 1988 to 22,000 at the end of last year.

The trust company is the IBC company's natural stablemate as they act in the IBC market as registered agents. They are responsible for forming companies to hold the assets of individuals or organisations. In return for holding the assets, the trust company charges the IBC to be about \$900-\$1,000, of which \$300 goes to the Government's Company Registry.

Mr Dawes estimates that the existence of some 23,000 IBCs by the end of 1989 brought approximately \$8m in fees to

the Government. The private sector is anxious that the BVI updates its trust laws so as not to lose out to the Turks and Caicos, the Bahamas, and the Cayman Islands.

For \$300, the company gets some precious benefits. An IBC is exempt from BVI taxes and stamp duty; there are no minimum issued share capital requirements, both registered and bearer shares can be issued; the company needs just one unnamed director and shareholder; board meetings can be carried out by telephone. But in sharp contrast to other offshore locations confidentiality is not enshrined in law.

In addition, the IBC laws provide an ultimate safety net for wealth - which has led to speculation that the Marcos' money has, at some time or even now, been held in BVI registered companies. This safety net is the continuation provision, which basically means that in a political crisis, someone such as Imelda Marcos can re-register her company in another accommodating jurisdiction such as the Turks and Caicos Islands.

The Noriega crisis in Panama led to a spate of foreign companies changing their domicile to the BVI; other international investors have exploited the provision to protect their assets in the case of war or political instability.

This corporate flexibility has brought relative wealth to the BVI - but it has brought some suspicion - which the Government on the island resents. "There is no such thing as a clean money market," argues Mr Mathavious. The BVI recently adopted model legislation for a drug trafficking offences act and provide the US with information in narcotic related enquiries.

Even so, Mr Mac Wellington, the islands' foremost lawyer, says that existing regulation is ineffective, and cannot possibly prevent the establishment of rogue companies and money laundering activities by the registered companies. The Coopers and Lybrand report established that the "balance of effort" goes not towards essential ongoing inspection of activities, but into the process of registration.

"Other than for banks, the activities of trusts, IBCs, and the professional management firms are more or less unreg-

lated," says Mr Gallagher. He said the absence of any regulation for the trust companies was an area of concern.

Proceeds from the collapsed Johnson Matthey bank, and the gold bullion Brinks Mat robbery, have also been linked via a paper trail of evidence, to BVI-registered companies, according to the West India Committee.

With 23,000 companies registered on a tiny island, the lack of regulation is unsurprising. The Ministry of Finance spent some \$215,000 on regulating the offshore finance sector in 1989, while the Companies Registry, which used to work a card-index system until a couple of years ago, has a staff of 10.

The contrast between expenditure and revenues (of \$4.6m in 1989) is marked, Mr Gallagher says, indicating the scope for more spending on supervision, and that there are resources to develop products and offshore legislation.

Supervision is one problem; another is prosecution and indictment. The Royal Virgin Islands police force, with 96 officers, does not have any specialist commercial crime or fraud investigation staff. The Attorney General, Mr Gallagher says, would need to provide additional support to present a case involving complex commercial fraud. And Mr McWellington says that "you can't get jurors to convict because the chap standing in the dock is a cousin of mine of the jurors at least."

The BVI Government professes itself well able to meet the demands of the Gallagher report in spite of constraints on capacity, resources, and expertise. It agrees that a degree of volatility is inevitable in such a new, fast-expanding and competitive sector.

The present legislature is keenly aware that the BVI could lose its edge should it be tainted with the merest whiff of a scandal, and distances itself from the banking problems of its neighbours, Anguilla and Montserrat.

The BVI wants the business, and revenues, to keep on coming, and for it to retain its tag - which does not do credit to this most scenic of offshore financial centres - of the "Offshore Delaware."

EIGHT MEN on a bareboat in the British Virgin Islands. Tom, Tom, Mark, Don, Hans, Erik, Jim and Mike are having one hell of a good time in the Caribbean.

For a couple of thousand pounds each, they are getting the holiday of a lifetime. These men have not had a break for two years from their jobs in stocks, real estate, and satellite communications, and are set to party.

"Just another day in paradise!" they yell as the sun-drenched day in the British Virgin island begins. They are on a 51 foot yacht chartered from the second biggest yachting company on Tortola, Caribbean Sailing Yachts, (CSY).

They have been planning this trip for six months. Because food is expensive, they have brought it with them from Michigan via Puerto Rico in large coolboxes.

All the travellers have had to buy in the onshore supply stores - which are amply stocked with imported goods from the UK and the US - are eggs, milk, and bananas for the blended rum cocktails.

They have a Boatphone to call their offices and talk to the boss; they have their own scuba equipment and snorkels. Believe it or not, at two thousand dollars a week, these eight men are doing the BVI on the cheap.

Bareboating - it is used as a verb as well as a noun - is when the visitor rents a boat, provisions it, and uses it like a hotel and taxi rolled into one. This is still the preferred sailing holiday on the islands. Bareboat chartering is, strictly speaking, never cheap, but cheaper than staying in one of the resort hotels or hiring a crewed yacht - which works at roughly twice or three times the price - about \$6,000 a week.

Day sailing, where passengers join a crewed boat for a sail to one of the local beauty spots, is also popular, with a wide range of yachts to choose from. Yachts range from White Squall - which offers trips to outlying islands, grilled chicken, and rum punch, and a leggy crew - to Promenade, a million-dollar trimaran and floating gourmet kitchen.

Whatever the method, sailing is the BVI's main attraction, with islands scattered like the Pleiades to form a natural circle in the middle of the trade winds.

It is a big, windy, salt water lake, the edges of which are coconut strewn beaches and little native bars where the rum is free and the local



Yachts moored alongside The Baths at Virgin Gorda

Sailing is one of the main attractions

Boats mean business

music, called fungi, a natural accompaniment to the hallucinogenic mushroom tea, served every full moon night at Bomba's beach shack on Cane Garden Bay.

This setting provides boundless opportunities for shelter in bays, snorkelling on coral reefs, diving the shipwrecks, relaxing in natural baths, and exploring the coves and caves described in Treasure Island.

The easterly trade winds are fairly constant, blowing at between 10 and 25 knots every month of the year, while navigation can be safely done by line of sight.

The islands are not much bigger than English counties, and are only separated by a few miles. For this reason, sailing is big business: the BVI are the bareboat centre of the Caribbean.

Peter, an expatriate Englishman who will only describe himself as "a retired person", lives all year round on his yacht. "Sailing is what makes the islands have a viable economy," he says.

Mr Keith Chippendale, of Caribbean Insurers, the largest agency on the islands, says that his company "places a lot of boat business" - about \$50,000. Both the crewed boats and bareboats need cover in an area where hurricane Hugo underscored the need for insurance.

The entire island appears to benefit from the sailing industry. The second plank of the

Mooring strategy is the ancillary operations: the boutiques, hotels, bars, t-shirts, and restaurants - all offered to the customer without costing the company an extra cent in marketing costs.

This marketing strategy was a necessary move for Moorings and its competitors. "The bareboat market is increasing by only about 5 per cent a year," says Mr Baratelli. So the company offers more than bareboats: it offers crewed yachts - about 15 of its fleet of 200 are crewed - and an "integrated yachting resort."

There are, however, some persistent anxieties apart from the slow growth of the bareboat market.

The cruise-ships, motor launches, and gin palaces which plague the Mediterranean shorelines are making their presence ever more felt here: and nothing is more likely to drive away the bareboat yachtsmen, with their love of the clean, windswept, spare way of life free from petrol fumes and noisy engines.

A large part of their attraction is the fact that they are magnificently unspoilt. One reason the islands are unspoilt, is of course, the bareboating industry. The sailors stay on the boats, and have no need of a complex infrastructure of hotels to sustain them during their stay in paradise.

High levels of service have gradually driven out the mom and poppers, he says.

Now there is an oligopoly in the Caribbean yachting industry. The second plank of the

Rachel Johnson

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THE BRITISH VIRGIN ISLANDS 4

The development of the infrastructure

At a critical stage

THE HUB of the islands is called Road Town. It was so named because, like Rome, all roads lead to it.

There are a lot of fast cars on Tortola, but the 50 miles of driveable roads can be so bad that one visitor commented that the best way to get from A to B is either on a donkey - which still graze tethered at the roadside - or in a tank.

Legends about the islands' roads are many: when they built the Road Town to Cane Garden Bay road, the constructors simply concreted over the old donkey tracks.

When it was opened in the 1960s, the Chief Minister's inaugural drive over the precipitous, hairpin-bending seven miles was so hair-raising that he decided to sail round the islands rather than drive back.

When visitors ask why the islands drive on the left, they are not told it because the BVI are a dependent territory of the UK, but because donkeys could not get used to the right-hand side of the road when the island had a brief flirtation with conformity.

The donkeys would, under direction, start off the journey on the right - but cross to the other side whenever a car came.

Legends aside, the BVI have reached a critical stage in their development.

At the crux of the development debate - which is one of the most keenly argued on the islands - is the question of whether the islands should develop to cater to the high-volume market of tourism; or whether they should consolidate and retrain after 20 years of growth.

There are two sides to the debate. On the one hand, the primitive infrastructure of the island does not serve the needs of the business traveller, tourist or even the local resident, as the Government would like it to.

Although the communications group Cable and Wireless has installed advanced telecommunications systems and guests at \$500-a-night resorts on exclusive Virgin Gorda can make express calls home to the US, there is only one public toilet on Tortola.

Basic needs appear neglected; at the same time, health, education and other government services have been

described as deficient by the UK's Overseas Development Agency.

There is no public transport system save a glorified communal taxi service twice a day or so; residents outside Road Town have to provide their own sewerage, water catchment, and garbage facilities; and even in Road Town, the water is not properly drinkable and the dustbin truck keeps the most irregular of schedules.

All this means that while the international businessman on the island could as easily be in Tokyo as in Tortola, the island's infrastructure remains Third World.

The Government speaks feelingly about the need to improve infrastructure

The Government has, on the other hand, plenty of expensive development schemes to improve the living conditions and services of the islands and its diverse communities.

The Government speaks feelingly about the need to improve infrastructure, as if it realises that its dream of becoming the "premier offshore financial centre" will never be realised without sharp improvements to public works and services.

It recognises that much needs to be done on the human resources side first. Over 55 per cent of the islands' workforce, like so much else, is imported. Workers from St Kitts, Jamaica and other Caribbean islands flock to the BVI where there are more jobs than there are people to fill them.

Unpopular labour laws require employers to offer a job first to a Tortolan if on Tortola. Only if a "non-belonger" cannot be found can an employer choose a "non-belonger".

As a result, the islanders have become choosy about the sort of work they do.

"Employers are expected to hire and train islanders, the put them into accounts, or the back office, when they are only qualified to do basic tasks," says Ms Mary Jo Ryan, manager of a workforce of over 200 at Virgin Gorda's Bitter End hotel. Visitors to the island

remark on the extraordinary grumpiness of the service.

"You can kill them with kindness but you never get a smile out of the staff," notices Ms Ellen Thornton, a yachting enthusiast from Kentucky.

The attitude of the islanders to non-belongers, whether "down islanders" from other parts of the Caribbean, or foreign businessmen, will become increasingly important as more tourist companies and banks establish offices here. The caste system works strongly, with white women appearing to lie at the bottom of the variegated pile that makes up the BVI ethnic community.

While the Government can do little to change the dour aspect of many islanders it can spend on projects to improve the lot of the community. The Ministry of Natural Resources and Labour was given an allocation of \$2.4m in the 1989 budget; that of Health and Education received \$13.4m; \$7.3 went to Communications and Works; and \$7m for Training and Education.

Beyond this, there are plans to spend \$22.4m to improve the electricity supply system over six years, while the port and harbour areas are to be given special attention in the \$14m infrastructure development programme announced at the end of 1988. A new cruise ship and passenger terminal is to be built - which hopes to attract thousands of tourists to the islands each week.

While the Government has been publicly criticised for encouraging cruise ship arrivals, it has been commended for its sensitive attitude to the islands' ecology, particularly marine life and reef conservation. It has basic planning laws prohibiting buildings more than 45 feet high, and special permission is required to build on the coast.

Mr Louis Peter, the town planner, is keen that a coastal development act will soon become statute to protect further the beauty of the unspoiled coastline.

"The official policy is to attract upmarket tourism," he says. "But there are signs - the port development project for one - that we are wanting to push development at any price."

PUERTO RICO'S San Juan airport, with its interminable US immigration lines, is usually a travellers' first experience of the BVI.

However, the traveller, fresh off British Airways' comfy twice-weekly flight to Antigua, is fortified for the bureaucratic ordeal that lies ahead. Bitter experience at airports during air traffic control disputes has left the British hardened to hours of queuing.

Americans at San Juan appear less controlled, even though they are on home ground and thus spared the complicated forms about the importation of snails and soil. This is because it is after immigration, tedious though it is, that most people's transit problems can really begin.

The airport's bureau de change will not cash travellers' cheques; there is no air conditioning to speak of, and the place smells like an open sewer. But it is the Caribbean attitude to luggage that really causes travellers' blood pressure to rise.

Passengers who blithely checked in their bags at the British Airways terminal at Victoria feel it most. When they were assured that they would be reunited with precious fishing rods, maps and compasses for their Caribbean sailing holiday they probably thought: sounds too good to be true. And it is.

When the passenger is free

Rachel Johnson on the ups and downs of travelling to the islands

Luggage brings bags of trouble

of immigration queues to connect to the tiny seaplane shuttle service that will deliver him to either the USVI, Tortola's Beef Island airport, or Virgin Gorda, he senses trouble. Luggage is not checked through by unseen hands. Instead, it is offloaded from the BA flight from London, which is going on to Antigua, and dumped in the arrivals hall.

No one is watching it, and

San Juan airport's bureau de change will not cash travellers' cheques

no one tells the passengers to pick up the bags and proceed. The next course of action is a matter of common sense - unless you are a fluent Spanish speaker. None of the staff are going to find the bags and put them on the 20-seater seaplane. So passengers take the luggage and abandon hopes of Caribbean efficiency.

Luggage troubles do not end here. It is worthwhile checking to see if your luggage is among others on the truck next to the

plane. Then you can check that it gets loaded.

The plane seems to arrive on time, and the passengers relax. It is a fairly typical BVI selection. A tourist company partner, and wife, very smartly dressed, who know to take the seats at the back of the aircraft; pre-empt US real estate agents from Michigan on a sailing vacation, skins already primed for Caribbean sun with trips to the tanning parlour; a white family with two small children; and a party of middle-aged, expat Brits hoping for the sailing holiday of a lifetime.

Strapped into the tiny plane, the passengers have now realised that no one has unloaded the luggage trailer. This is because the hold was already crammed full of earlier passengers' luggage, who had flown out on planes whose holds had been full of luggage already.

The system appears to be: treat passengers, and their luggage, as separate entities. They fly on different flights - and while tourists go to the luxurious Little Dix Hotel on Virgin Gorda, odds are there luggage has gone to Beef Island. Nonetheless, when the consciousness has finally dawned that

luggage, and passengers, have no symbiosis in Caribbean travel, the tourist can relax.

The seaplane shuttle from Puerto Rico to the US Virgin Islands, St Croix, and St Thomas, and the BVI, is so scenic that it almost makes up for the lost hours in San Juan. It crosses low over the USVI, allowing the passenger an aerial view of the damage wrought by hurricane Hugo -

It is the Caribbean attitude to luggage that causes travellers' blood pressure to rise

roofless houses, overturned planes, uprooted trees.

It is evident when the plane touches down on the narrow coastal airstrip on Tortola, the BVI's biggest island, that the USVI is quickly being lost to development and a sprawl of concrete boxes. Even the boys - or cays, as they are called here - bristle ominously with the masts of countless yachts and sleek white gin palaces.

The BVI has some way to go before legoland complexes of houses sprout on its steep wooded hills - but the guide books contain warnings for visitors to get to the BVI fast before it's too late.

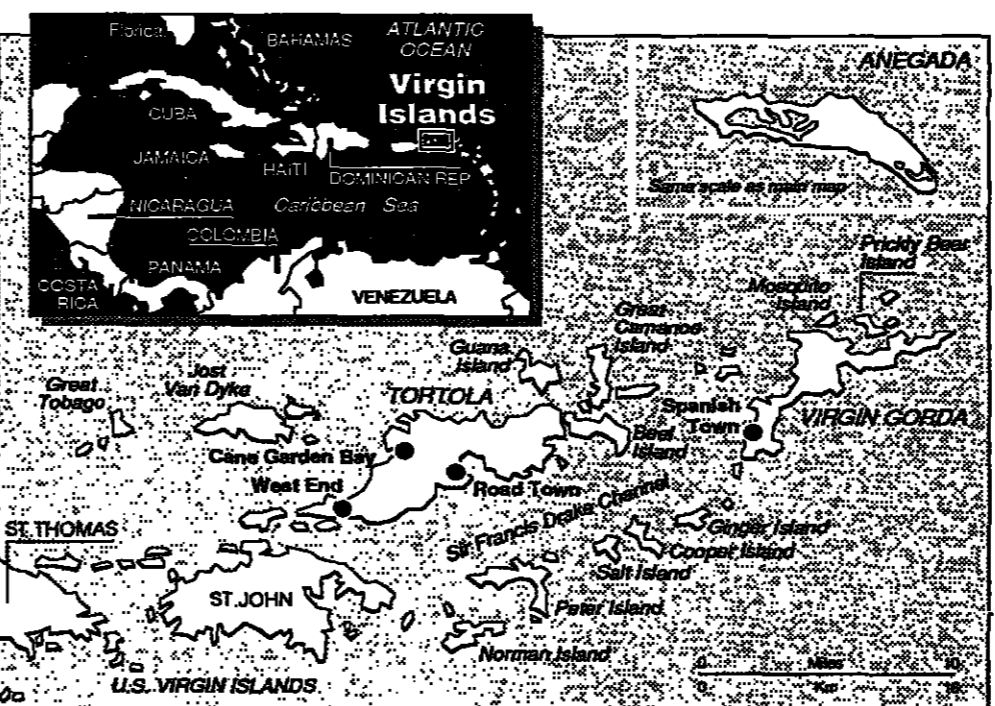
At the airport, the truth about the luggage left cooking on the apron in San Juan is rammed home. The passengers are informed at customs that it might, or might not, be on the next plane. The next plane can

be in 15 minutes, or it can be in three hours, depending on cargo or destination. So while your rucksack might show up in the next 15 minutes, the crucial cool box, or fishing tackle for the barbecue, is considered too heavy and arrives three hours later on the 20-seater.

For the tourist, Beef Island International Airport is where the pain of travelling begins. A sense of laissez-faire, helped by two or three strong rum cocktails at the airport bar, descends. The traveller discovers that the bar will cash travellers' cheques and that a taxi driver will come out at midnight, at no extra charge, to pick up the extra baggage. Meanwhile, the airport officials and customs officers are dancing round a ghetto blaster to the latest hits from Kingston, Jamaica.

Travel around the island can be considerably less fraught. Cars can be rented at the airport and in Road Town; so can bicycles, but the hills are very steep. Taxis are plentiful, but expensive. There is no local transport except the shared taxi service, whose rates are fixed by the local government.

Most of the visitors, on pleasure, not business, however, will be using the island as an entrepot for fresh water, beer, rum and food. They have come to sail, and therefore have little interest in other modes of transport, or indeed, anything except sailing. But even the sailors have to get to the BVI somehow, and the flight via San Juan is a great leveller for all visitors.



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THE PROPERTY MARKET

Why the watchword is selectivity

By David Tunstall

What is the average investor to make of current prospects for property markets? It had been hoped that the results season for March year-end companies would at least provide a consistent set of returns on which sensible forward projections for the current year could be based. However, such was the disparity of returns on the trend of valuations within the most important component parts of the property market that most investors probably remain as confused as ever.

To recap on what by now is seen as history, Land Securities estimated the value of its City portfolios had fallen by a "mere" 2.75 per cent. Great Portland and British Land reported that the value of their City portfolios had fallen by 12 per cent and 10 per cent respectively over the same period.

Is the quality of assets sufficiently disparate to produce such a variation in results? Or is it simply that insufficient

evidence exists in the open market, so that valuers can no longer be relied upon to produce consistent rates of change in the value of portfolios?

Investors generally still adhere to the age-old yardstick of simply valuing companies on the basis of the relationship between the share price and the net asset value (NAV) as calculated from the company's balance sheet. A factor that still tends to be overlooked is the true measure of the assumed worth of a company, namely the break-up value after stripping out estimates of the contingent tax liability which would become payable on the wholesale disposal of the portfolio in question.

If the annual portfolio valuation is meant to represent the price which could be achieved on the sale of all a company's assets, why do investors not take more account of the tax liabilities associated with those valuations?

An interesting example in

this context was the annual valuation and resultant reduced net asset value produced by Great Portland. Here, the stated assets fell from 397p per share fully diluted to 384p per share fully diluted, a deemed reduction in value of 3.3 per cent. But it can be argued that the worth of Great

Differing qualities of building and location now matter more than at any other time

Portland's assets to shareholders did not change at all between March 31 1989 and March 31 1990, if investors look through the contingent tax liability to the net net asset value per share.

Here, the indexation of base costs for purposes of capital gains taxation benefited from a high indexation allowance during the 12 months in question of 8.1 per cent. When worked together with the March 31 1990 valuation of assets this reduced the contingent tax on capital gains within the company from £11.8m at March 1989 to just £2.8m at March 1990.

If the value per share of Great Portland's assets is to be calculated after adjusting for

this latent liability, we find that shareholders attributable value has in fact risen marginally from 324p to 344p. This hardly supports the screamed headlines of a fall in Great Portland's worth to shareholders. Richard Poskin can continue to smile at us from the pages of the national press.

Comparative movements in net net asset values over the last year were as shown in the accompanying table for the leading companies (with bracketed figures showing the declared movement in the conventionally stated diluted net asset value).

The fortunate thing for most of the leading investment companies is that all they need to do over the next few years is to sit back and collect vast amounts of additional rental income that will come through when reviews are next negotiated. Their cash flows will become the envy of every company in the UK, and one wonders how many will rue the need to pay for annual revaluations of their portfolios.

Not a few will wish we could go back to the old days when there was no requirement to produce such an assessment of portfolio values. With longer periods between reported valuations the analyst's job would not be any more difficult than in the current climate!

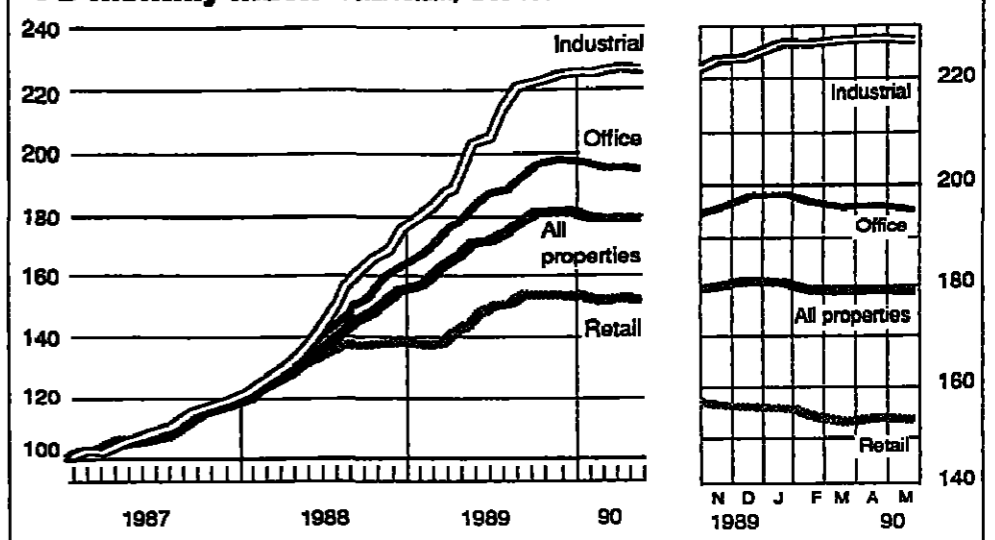
When property markets are

changing rapidly as they are at present, companies tend to be put on the defensive. The recent spate of reduced NAVs (over those declared a year ago) has resulted in some directors suggesting that the valuers had applied currently prevailing yields to the end-March valuations, when yields were firmer. Whether that was the case is uncertain, but if true such manipulation of valuations fudges the issue. It ignores the fact that the revaluation should reflect the worth of the company at its "balance sheet date" and not the perceived value two or three months later. If any post-balance sheet adjustments have to be made then surely it is up to the companies themselves to make the necessary adjustments, so that we have a more realistic snapshot view!

Perhaps the answer is that at long last differing qualities of building and location actually now matter more than at any other time. Gone are the days when most buildings in a given area increased uniformly in value and selectivity is probably the necessary watchword more than ever. Hence we may in all likelihood continue to see disparate annual valuation results from companies that operate in apparently similar markets.

David Tunstall is a property analyst at Smith New Court.

IPD monthly index Total return, Dec 1986=100



Returns equal earlier low

PROPERTY returns again fell in May, with a total return of -0.6 per cent. This equals the lowest return of the year, recorded in February. Capital growth was negative, at -1.0 per cent and, indeed, has been negative all year. Yields have continued to move upwards. Rental values continue to grow but at the slow rate of 0.5 per cent for the month.

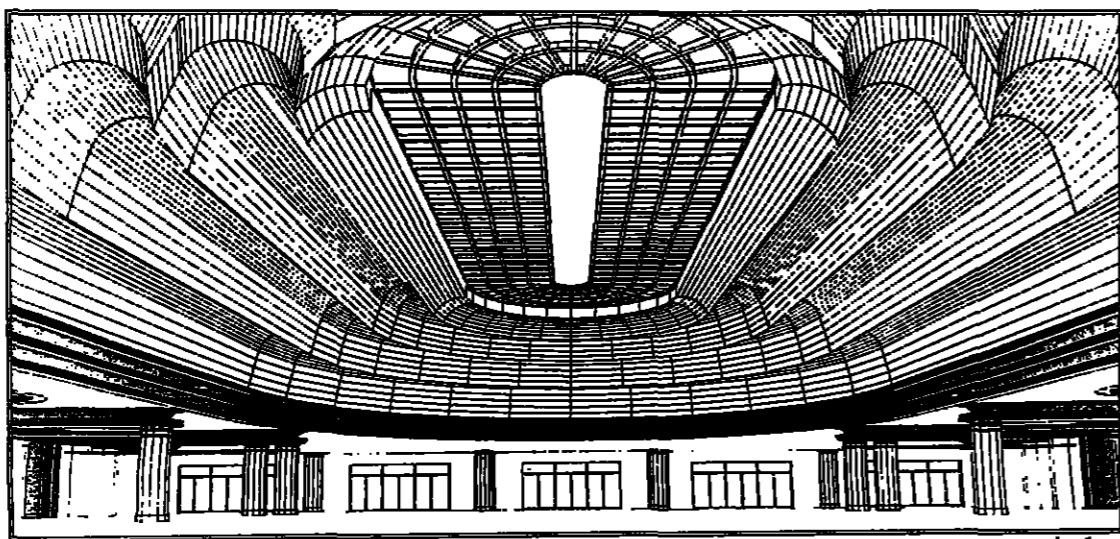
Year-on-year capital growth has further declined and now stands at only 1.3 per cent. Similarly, total return in the year to May has fallen to 6.6 per cent. All sectors recorded negative capital growth and total return in May, showing a deterioration of 0.5 per cent on April. Industrial property remains the most successful sector over the year: year-on-year total return now stands at 16.6 per cent for industrials, 8.8 per cent for offices and 0.9 per cent for retail.

In the retail sector the total return in May was -0.6 per cent. Rental value growth at 0.5 per cent was slightly up on last month. However, year-on-year rental value growth of 9.8 per cent lags behind that for industrials and offices (20.0 per cent and 13.8 per cent). For the second month the office sector has produced the poorest results, with a total return of -0.2 per cent and -0.7 per cent for April and May. Rental value growth remains constant at 0.4 per cent. Total returns for the year have fallen to 6.8 per cent - far off the 35.7 per cent recorded at May 1988. The industrial sector also showed a negative total return in May with -0.2 per cent - the same as February's low.

COMPARATIVE MOVEMENTS IN ASSET VALUES

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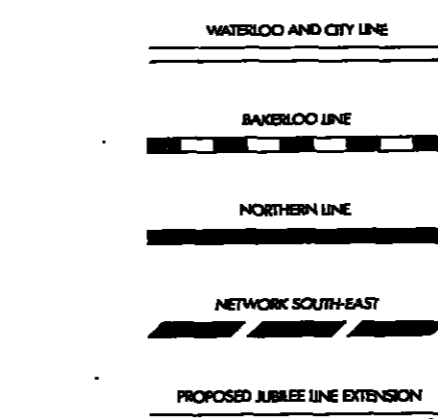
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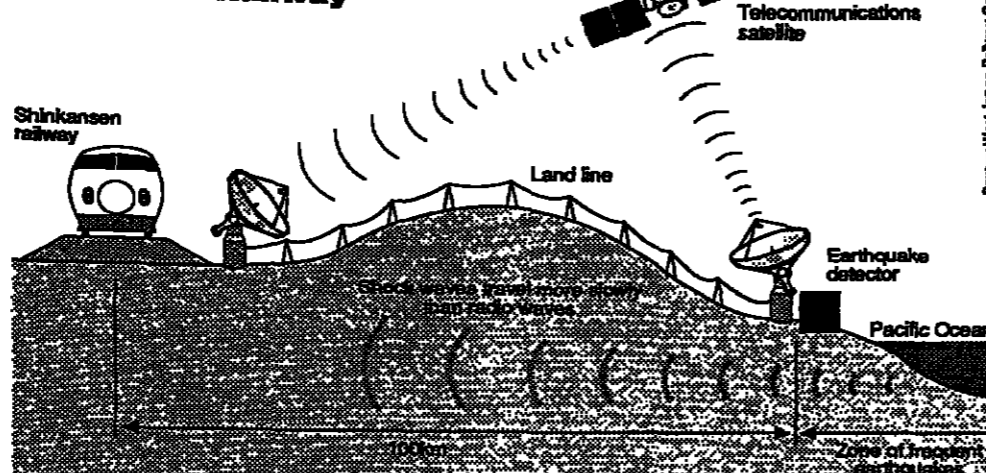
Prices

TECHNOLOGY

Clive Cookson describes advances in earthquake prediction that may make early warnings possible

Stealing the big one's thunder

Earthquake detection on the Shinkansen Railway



EVEN IF scientists fail to come up with a reliable earthquake prediction system, modern technology can provide people living some distance from the epicentre of a large quake with up to a minute's warning before the shock hits.

The principle of a "real time earthquake warning system" is that seismic waves propagate through the earth more slowly than radio waves travel through the air. As an earthquake begins, seismometers transmit warning information by satellite to nearby towns and cities. The warning time depends on people's distance from the epicentre. People living 20 miles away would have about 10 seconds warning. Those 100 miles away would have almost a minute. If industrial and commercial installations were connected to the warning system,

the cost and damage of a quake would be reduced considerably. For example a chemical plant could shut down some hazardous processes within a few seconds. Computer users could protect their data by switching to a stand-by power supply and removing the magnetic heads from their disc drives.

The best example of real-time earthquake warning is in Japan. The Tohoku Shinkansen (bullet train) line operated by East Japan Railway has seismometers at 80 kilometre intervals along the Pacific coast. The coastal sensors are intended to give an early warning of the seismic shock from offshore earthquakes. When a quake is detected, the sensor sends a message by satellite to the trains, telling them to slow down or stop (see above).

useless in practice. By analysing movements of the earth's crust along known geological faults, scientists can issue long-term predictions. They say, for example, "There is a 30 per cent probability of a magnitude 7 earthquake occurring within the next 30 years in the San Francisco peninsula." Statements of that sort are useful for civil engineers, for instance, who are designing earthquake-proof buildings, bridges and dams, but they are useless for arranging an evacuation of a city immediately before a specific earthquake. The one spectacular success

of short-term forecasting was the 1975 warning of an impending quake in Haicheng, China. A series of "foreshocks" enabled the authorities to order an evacuation before the magnitude 7 earthquake struck, perhaps saving as many as 100,000 lives.

Foreshocks are the best known precursor of a large earthquake. The earth sometimes releases small amounts of energy in a characteristic series of minor tremors leading up to the main quake, in the same way as someone bending a stick may hear several small cracks before the wood suddenly snaps. But Haicheng was exceptional in the clear pattern of its foreshocks. In most large earthquakes the foreshocks are not distinct enough to pick out in advance from the general background seismic activity.

Scientists are therefore studying a variety of other possible precursors. There are many candidates, for example:

- Increased amounts of radioactive radon gas are emitted from rocks under strain just before a quake.
- Water levels change in deep wells.
- The electrical resistance of rocks decreases.
- Rocks give off radio waves at very low frequencies.
- A "slow" or "silent" earthquake may release some stress along the fault and trigger a destructive fast quake.
- Increasing stress and electromagnetic changes in the rocks may cause bizarre behaviour in animals.

Some of these signs are scientifically controversial and none can give a clear indication on its own that an earthquake is imminent. But scientists hope to combine indicators of this sort with seismic evidence of foreshocks to develop a more reliable forecasting method.

"At this stage there's no viable operational technique," says Russ Evans, an earthquake prediction expert with the British Geological Survey in Edinburgh. "We're still at the stage of doing basic research. We need above all to know more about the physics of the processes that control earthquakes."

Evans says that the damage caused by earthquakes worldwide costs tens of billions of pounds a year, and the human toll is incalculable. In that context, spending millions of pounds a year on research into earthquake prediction is a reasonable investment.

A fundamental problem for scientists trying to develop a general system of prediction is that the geology of earthquake zones varies greatly across the world. A system that worked well for the relatively simple San Andreas fault might not be useful for the complex Indian fault zone that caused last week's disaster.

The consumer's home is where IBM's heart is

Louise Kehoe looks at the new PS/1 computer

Eleanor Shields has been mulling the idea of buying a home computer for several months, but has not yet found the right machine. "Maybe this is what I've been waiting for," she said this week after reading about the IBM PS/1 home computer.

International Business Machines is gambling that it can ease consumers like Mrs Shields, who considers herself "non technical", into the computer market with a simple to operate version of its standard personal computers.

There is a huge latent demand for home computers, IBM believes. The market will double in size over the next five years, according to the company's projections from an installed base of 50m units.

Potential home computer buyers have been inhibited, however, by the complexities of computing and by the bewildering technical details that make it difficult to choose the right machine. Computer stores, geared primarily to business buyers, are intimidating to the computer novice.

The Shields, for example, have searched in vain for a computer that will suit the whole family. They would like five-year-old Katie to have access to educational games and become familiar with using a computer.

Mrs Shields needs to write letters and notices in connection with her volunteer activities and her husband would like to have a computer at home that is compatible with the IBM PS/2 in his office.

According to IBM, its market researchers talked to some 3,000 Americans with similar requirements before launching the PS/1.

Mass marketing of consumer products is not IBM's forte, however, and the company failed miserably with its first attempt to sell computers to consumers in the early 1980s.

The PCjr, introduced in 1983 and withdrawn from the market in 1985, remains a bitter memory for the company. The company's new approach is based on creative marketing, distribution and support services, rather than on technical innovation. It will target professional families

with children, like the Shields, and sell the PS/1 through department stores as well as through computer retailers.

In efforts to demystify the computer, IBM has designed the PS/1 so that it is easy to set up. As soon as the computer is switched on a graphical menu of options appears on the screen.

Tutorial programs are included with the computer but users can also get personal assistance through the PS/1 User Club, an on-line support service, or by phone. A one-year warranty and a 48-hour express maintenance service are also included in the package "to take the bewilderment out of buyer beware" says Tony Santelli who heads IBM's PS/1 development group.

To broaden the appeal of the home computer, IBM has

monitor, high resolution graphics, 512K of memory expandable to one megabyte, one or two 3.5 inch floppy disk drives and an optional 30 Mbyte hard disk drive. US prices range from \$999 (\$575) to \$1,999.

Expanding the PS/1 beyond these specifications - with more memory, or a fax card for example - will require the addition of an "adapter card unit" a box that is almost as big as the computer itself.

Critics charge that IBM has deliberately limited the expandability of the PS/1 to protect the low-end of its established PS/2 PC range. Home computer buyers do not want a "crippled machine", an Apple Computer official said, in a veiled reference to the PS/1.

Indeed, the PS/1 is not winning rave reviews from computer analysts or self-taught experts, but these are not the people it is designed to appeal to. Yet negative reviews could influence first-time computer buyers. And the level of enthusiasm of computer dealers for selling what will be a low profit margin product may also be critical.

Nevertheless, the PS/1 appears to fill a gap in the PC market vacated by Apple Computer. Through the mid-1980s, the Apple II personal computer was the product of choice among US home computer buyers. Its popularity was spurred by Apple's success in the US schools market. Parents wanted the same computer at home as their children used in the classroom.

Now the Apple II is outdated. Apple has put little marketing effort behind the product for the past year and has already discontinued sales in parts of Europe.

Although the PS/1 was announced this week, it will not be available in most parts of the US until September and later this year in Europe. In the meantime, IBM is selling the PS/1 in Chicago, Dallas and Minneapolis while it hopes its support services and speeds up production in time for what it hopes will be a busy Christmas. As for the Shields, there is "a real possibility" that there will be a PS/1 under their Christmas tree.

PS/1

Included a modem, a device used to link the personal computer to another computer via the phone line, in all US models of the PS/1.

The ability to access information services, such as Prodigy, a computer videotext system with a wide range of consumer and business services, will be a key aspect of IBM's sales campaign for PS/1.

Computer communications will also enable users to transfer files to their office computers, to send electronic mail, to use electronic banking services or to go "computer shopping", selecting items from an on-line catalogue.

Technically, however, the PS/1 is not exciting. It is based on the Intel microprocessor, a chip that is quickly being replaced by the more powerful 386 in many IBM-compatible computers.

The PS/1 comes with either a black and white or colour

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The amount payable is Yen 2.5 per Share (25 Yen per Depository Unit) less Japanese Withholding Tax, as applicable. Coupons presented to Hambro Bank Limited, unless accompanied by an Intend Revenue Affidavit of non-residence, will have United Kingdom Income Tax deducted at the rate of 0.15 in the 5 on the gross amount of the dividend before deduction of Japanese Withholding Tax.

29th June, 1990.

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SECTION I INVITATION FOR BIDS (IFB)

Date of Issuance of IFB: 20th JUNE, 1990

Lot No: 2733-UNI

IFB No: PADP/CEB/89

1. The FEDERAL GOVT. OF NIGERIA has received a Loan from the International Bank for Reconstruction and Development of the World Bank in various currencies towards the cost of the MULTISTATE ADP-1 and it is intended that part of the proceeds of this loan will be applied to eligible payments under the contract for VEHICLES, PLANT and EQUIPMENT required by the Plateau Agricultural Development Programme (PADP), for Plateau State.

2. Plateau Agricultural Development Programme now invites sealed bids from eligible bidders for the supply of:

LOT	ITEM	DESCRIPTION	QTY	DELIVERY PERIOD	VALUE OF BID SECURITY
1	1	4 wheel drive pick-up	15 units	180 days	N 144,000 or US\$ 22,000
2	1	4 wheel drive station wagon	10 units	180 days	N 32,000 or US\$ 4,000
3	1	80HP 2 wheel drive tractor with 9 items of implements	4 sets	180 days	N 96,000 or US\$12,000
4	1	Combine harvester	2 units	180 days	N 96,000 or US\$12,000
5	1	2" irrigation pump petrol driven	1300	180 days	N96,000 or US\$12,000
6	1	3" irrigation pump diesel driven	200	180 days	N64,000 or US\$8,000

Bidders may submit bids for the supply of Goods under one or more complete Lots. Bids for incomplete Lots will be rejected. Bid will be evaluated separately for each lot.

3. Interested eligible Bidders may obtain further information from and inspect the bidding documents at the office of:

PLATEAU AGRICULTURAL DEVELOPMENT PROGRAMME

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4. A complete set of Bidding Documents may be purchased by any interested eligible bidder on submission of a written application to any of the above and upon payment of a non-refundable fee of £100 or N1000 if purchased in Nigeria.

5. In the completion of evaluated bids, a margin of performance will be given to goods manufactured in Nigeria (per 27 of Section II).

6. All bids must be accompanied by a security for the value specified, above in paragraph 2, either in Naira if a local bid or in a freely convertible currency if a foreign bid, equivalent to the US Dollar value specified, as prescribed in Clause 15 of Section II - Instructions to Bidders, and must be delivered to the office of the Project Manager Plateau Agricultural Development Programme, at the above address on or before 10.00 A.M. on AUGUST 31, 1990.

6. Bids will be opened in the presence of Bidders' representatives who choose to attend at 10.00 A.M. on AUGUST 31, 1990 at the above office.

This is an update of the earlier advertisement issued in the Development Business of November 30, 1989.

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COMPANY NOTICES

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

Company Registration No. 01 02309 DS

NOTICE TO MEMBERS

ANNUAL GENERAL MEETING

Notice is hereby given that the seventy-third annual general meeting of members of Anglo American Corporation of South Africa Limited will be held at 44 Main Street, Johannesburg, on Thursday, August 16, 1990, at 10.00, for the following business:

1. To receive and consider the annual financial statements for the year ended March 31, 1990.

2. To elect directors in accordance with the provisions of the Corporation's articles of association.

3. To consider and, if deemed fit, to place a further 2 000 000 ordinary shares in the capital of the Corporation under the control of the directors with power to allot and issue them in accordance with the terms and conditions of the share incentive scheme and any overseas scheme or schemes that may be established.

4. To consider and, if deemed fit, to continue to authorise the directors to allot and issue, after providing for the allotment and issue of shares in terms of the share incentive scheme and the employee shareholder scheme, the remaining unissued shares in the capital of the Corporation, in their discretion in terms of and subject to the provisions of the Companies Act.

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at any general meeting of the Corporation must comply with the regulations of the Corporation under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his stead. A proxy need not be a member of the Corporation. If required, forms of proxy are available from the Head and London Offices of the Corporation.

By order of the Board

C. L. MALTBY

Secretary

June 28, 1990

Registered and Head Office

44 Main Street

Johannesburg 2001

London Office:

40 Holborn Viaduct

London EC1P 1AJ

Notice

The 1990 annual report is being posted to registered shareholders today and copies are available for holders of share warrants to bearer from the London Office.

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ARTS

Arts Week

F | S | Su | M | Tu | W | Th
29 | 30 | 31 | 1 | 2 | 3 | 4OPERA AND BALLET
London

Royal Opera, Covent Garden: The first production in London for more than a century of Rossini's *Guillaume Tell* is by John Cox, conducted by Michel Plasson, and has Gregory Yurisich, Chris Merritt, Lella Cuberli and Robert Lloyd in leading roles. Latest round of the company's much-revived *Le Balcon* production by John Copley: Antonio Pappano conducts, and principals include Dora Tokody, Jerry Hadley and Jonathan Summers, with Dennis O'Neill and William Shimell taking over as Rodolfo and Marcello on July 5. English National Opera, Coliseum: no performances until August. Ballet. At the Coliseum the life-enhancing Kirov Ballet presents

MUSIC

London

English String Orchestra. William Boughton conducts. Egar, Tippett and Bernstein. St John's, Smith Square, W1. (Sat) (071 222-1061). **Festival of Brahms and Elgar.** André Previn conducts. Royal Festival Hall, South Bank Centre (Sun). (071 429-8800). **New London Orchestra.** Ronald Corp conducts. Gershwin and Korngold. St John's, Smith Square, W1 (Wed). (071 222-1061). **Luxembourg Radio Orchestra.** The Emperor conducted by Carl Davis. Wagner, Beethoven, Dukas and Tchaikovsky. Barbican (Thurs). (071-638-8881).

Summer Festivals
in France
Paris

Chopin Festival. Orangerie de Bagatelle. Ends July 15 (45012010, 40679700). **Schumann Festival.** Sorbonne Amphitheatre. Ends July 6 (42627171). **Beaune**

International Ensembles. L'Orchestre du Siècle des Lumières. Grand Collègeum Vocale, Amsterdam Baroque Chamber Orchestra and Ton Koopman, the Soviet State Symphony Orchestra. June 29-July 22. (80222451).

La Chaise-Dieu

La Grande Ecurie et Chambre du Roy. conducted by Claude

Giselle (world's best production) on Friday and Saturday; then presents a fascinating triple bill of two Balanchine ballets and Vinogradov's *Petrushka* on Monday to Wednesday. At Sadler's Wells the thrilling Cumbre Flamenco troupe plays on.

Paris

Opera. *La Sylphide* in Pierre Lacotte's choreography replaces *La Bayadère*, which will be produced later on (47423371).

Amsterdam

The Compagnie Philippe Genty dances *Dérives* (Fri, Sat). Muziektheater (235 455).

Antwerp

Koninklijke Opera. The Royal Flanders opera in Tchaikovsky's *Eugene Onegin* conducted by Rudolf Werthen, staged by Adolf Dresen with Mireille Capelle, Pavel Chernykh and Chris De Moor (Fri, Wed, Sun).

Berlin

Opera. *Lohengrin*, in a new production by Citz Friedrich, has a strong cast led by Peter Seifert in the title role. Eva Johansson, Olivia Stapp, Jan-Hendrik Rootering and Helmut Welker.

Frankfurt

Opera. The successful Lievi

brothers' opera debut last year has brought them back to Frankfurt with a new *Macbeth* production. It will have with Cesare Lievi as producer and Daniele Lievi as designer with an interesting cast led by Rosalind Flawright and Vinson Cole.

Stuttgart

Opera. Offenbach's rarely played opera *Der Karottenkönig* returns. A triumphant production by Gian Carlo del Monaco of *Otello* stars Gabriela Benackova-Cap, Wladimir Atlantow, Roland Bracht and Mario di Marco. There will be two guest appearances by the Hamburg Ballet Company with *A Midsummer Night's Dream*, and *Karlruhe's* with *Lorca Lesada*.

Madrid

Teatro Lirico Nacional in Zarzuela. Bellini's *I Puritani* closes the Madrid opera season, conducted by Miguel Roa with a cast led by Mariela Devia and Lucia Annunziata. New production coproduced by La Zarzuela and Teatro Comunale (Bologna). Ends July 12 (429 82 25).

Teatro Alla Scala. Lilianna Cavani's successful production of *La Traviata*, conducted by Riccardo Muti, with Tiziana Fabiani and Roberto Alagna in the lead roles (80 51 25).

Malgoire. Moscow Philharmonic Orchestra. Aug 23-Sept 3. (71094829).

Brussels

Belgian National Orchestra conducted by Eugene Kohn with Placido Domingo (tenor) and Judith Howarth (soprano) in a programme of Donizetti, Gounod, Jimenez, Puccini. Palais des Beaux-Arts (Fri).

Monnaie Symphony Orchestra conducted by Emil Tschakarof performing Bruckner's 8th symphony Palais des Beaux-Arts (Sat).

Belshoi Soloists Sextet with Stanislas Suleimanov (bass), performing Gluck, Mussorgsky, Rimsky-Korsakov, Hotel de Ville, Grand Place (Sun).

Brussels Festival Orchestra conducted by Robert Janssens and the Brussels choral society conducted by Tom Cunningham and the Da Capo 2000 children's choir with soloists perform Orff's *Carmina Burana*. Grand Place (513 89 40) (Wed).

Amsterdam

Scott Hamilton Quintet. Stephanie Grappelli Trio and the Toots Thielemans Trio in a Gerwin Night (Fri). Concertgebouw (718 345).

Kenny Drew, Michel Legrand and Ahmad Jamal tríos (Sat). Concertgebouw (718 345).

Amsterdam Bach Soloists conducted by Thomas Hengelbrock with Jaap van Zweden (violin). Purcell, Bach, Vivaldi, Handel (Mon). Concertgebouw (718 345).

Jazz at the Philharmonie with various soloists in a tribute to Norznan Granz (Tue). Concertge-

Rome

Terme di Caracalla. The Rome Opera's summer season opens with Massaggi's *Canaliera Rustica*, with Laila Secchi, Vyacheslav Polozov and Bruno Pola and Leoncavallo's *Pagliacci*, with Fiamma Izzo d'Amico and Vladimir Atlantow, conducted by Reynald Giovanetti (45 17 55).

Villa Massimo (Roma-Europa Festival). The Naples Dance Theatre performing *Streghe*. *Demoni e Dei* with the extraordinary ex-Bolshoi star Vladimir Derevianko (8761248).

Verona

68th festival at the arena. Verdi's *Aida* (as usual) conducted by Nello Santi opens the festival, this time in a new production by Vittorio Rossi. Maria Chiara, Nicola Martinucci and Fiorenza Cossotto lead the cast (28 151).

Tokyo

Belinese Dance. Kecak dancers from the village of Tegap perform at the Zeppu Temple (ends Thur) (5237 9988).

Die Justige Witwe (Lehar). Staatstheater am Gärtnerplatz, Munich. Tokyo Bunka Kaikan (Wed, Thur) (289 9989).

Bach (Mon). Granada Chamber Orchestra conducted by Edmon Colomer with Narciso Yepes (guitar), Rodriguez, Albert, Caravalo, Rodrigo, Falla (Tues). Orquesta Claret de Barcelona conducted by Franz-Paul Decker. Tchaikovsky, Gluck, Stravinsky (Thurs, Fri). Teatre Grec (318 25 25).

Chicago

Ravina Festival. Victor Borja piano and arctic (Tue). Highland Park (726 4542).

Washington

National Symphony Orchestra conducted by Mstislav Rostropovich and Henry Mancini. Mixed programme of popular and patriotic tunes culminating in July 4 fireworks (Wed). West Lawn, US Capitol.

Tokyo

Cracow Philharmonic Orchestra conducted by Roland Bader, with the choir of Tokyo College of Music. Haydn: *The Creation*. Shinjuku Bunka Centre (Mon).

Spahr, Faust. Suntory Hall (Tues). Mahler, 8th symphony. Suntory Hall (Thurs) (401 9561).

New Japan Philharmonic Orchestra conducted by Alexander Schneider. Dvorak, Schubert, Bunkamura, Orchard Hall (Mon).

Tokyo Bunka Kaikan (Tues) (499 1531). **NHK Symphony Orchestra** conducted by Yuzo Toyama. Contemporary music from Asia. Suntory Hall (Wed) (465 1780).

Rainer Knehl (violin). Beethoven, Schubert, Debussy, Strauss. Tokyo Bunka Kaikan, recital hall (Thurs) (289 9989).

EXHIBITIONS

London

The Royal Academy. The 222nd Summer Exhibition - the oldest established and largest open submission exhibition in the world, though with only 1,206 assorted works of painting, sculpture, architecture and the graphic arts, it is somewhat smaller than usual. Two often underrated for its quality, it covers the broader centre ground of professional British art. Until August 19. The Tate Gallery. The entire permanent collection has been rehoused so that the visitor may now take a natural circuit through the newly restored galleries, from 16th century British painting through to recent modern art. The Royal Academy. Modern Masters from the Gelman Collection - a self-explanatory exhibition of masterpieces of the 20th century from Bonnard and each-est Picasso to Picasso the old man, by way of all the great names of the School of Paris, Matisse, Modigliani and the rest. It is a true celebration not of mere art history but of the joy to be had in the possession of great art. Until July 15; sponsored by Guinness.

Paris

Carte musées et monuments sold in museums and metro station- senseable visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles.

Centre Georges Pompidou. Andy Warhol. Some 500 works trace the career of the multi-faceted artist who, born of Czechoslovak immigrant parents in Pittsburgh in 1928, became one of the main-representatives of American Pop Art and part of the *Underground Culture* scene. His acrylic paintings inspired by comic strips, his series of Coca-Colabottles and Campbell's soups, of film stars and political celebrities express an important aspect of contemporary vision. Projections of Andy Warhol films complete the exhibition. Beaubourg. Closed Tue, ends Sept 10 (42771233).

Grand Palais. Joseph Wright of Derby. Some 80 paintings and 30 drawings sum up the career of the 18th century portraitist who introduced the *chiaroscuro* into English art. He was as fascinated by scientific experiments which he depicted in large-scale canvases - the Vacuum Pump and the Orrery - as he was by fireworks or eruptions of Vesuvius rendered in melodramatic colours. Closed Tue, Wed late closing, ends July 22 (4295410).

Bagatelle Chateau and Trismon. Vienna 1815-1848 - the Biedermeier period. Vienna's museums have lent some 250 pieces of furniture, porcelain, paintings and objets d'art for an exhibition of the style which expressed the Austrian capital's changed mood after the turmoil of Napoleonic wars - the Biedermeier style. Bois de Boulogne. Ends August

Braccio di Carlo Magno in Piazza San Pietro: Michelangelo and the Sistine Chapel. This exhibition marks the end of a 10-year project by Vatican restorers on the ceiling of the Sistine Chapel and the beginning of an estimated further four years' work on *The Last Judgment*. Ends July 10.

Palazzo Venezia. Art for Popes and Princes of the 17th and 18th centuries. Over 70 large and exuberant canvases from the country seats of popes, cardinals and the Roman aristocracy (Chigi, Barberini, Colonna, Pamphili etc) in the area stretching south of Rome, once known as the Campagna Romana.

Florence

Palazzo Vecchio. The age of Massaccio: tying in with the reopening of the Brancacci chapel in the Church of the Carmine after a six-year restoration on the cycle of frescoes by Massaccio and Masolino, are 109 works by painters and sculptors who worked in Florence in the golden years between 1401 (the date of Massaccio's birth) and 1440.

Palazzo Ducale. Titian. This exhibition organised jointly by the Venice local council, the Arts Ministry and the National Gallery in Washington marking the 5th centenary of the painter's birth is the largest for over 50 years. Over 70 paintings are on show, lent by American, Russian and European museums. Ends Oct 7 and goes to Washington.

Bologna

Galleria d'arte Moderna. Giorgio Morandi retrospective. Over 200 works lent by Italian and foreign museums celebrating the centenary of the painter's birth. Limiting himself almost entirely to still-lives and landscapes inspired by the countryside around his native Bologna, Morandi has been described as the painter of silence. Ends Sept 2.

Mannheim

Städtische Kunsthalle. Molitor, 9. Raulo E. Molitor, a painter always in the shadow of Van Gogh and Gauguin is honoured with a retrospective of 170 early paintings. Ends August 5.

Essen

Villa Hugel 15. St Petersburg around 1800. This is the third exhibition to be mounted by the Ruhr Cultural Foundation, set up in 1984 by Berthold Beitz, head of the Alfred Krupp Foundation. With 555 pieces on loan from Leningrad's state Hermitage Museum, the exhibitions details the developments of Russia from a great empire to a European power. Ends Nov 4.

Darmstadt

Mathildenhöhe. The seat of the Hesse-Darmstadt aristocracy, the city became a prominent cultural centre under the Duke Ernst Ludwig, who ruled between 1892

(15 45012010). **Galerie Odeonmali-Cazaux.** 19th and 20th Century Masters. A thread of excellence runs through the exhibition, which begins with the impressionists and ends with an abstract Picasso. Massaccio's Charming Cross Bridge floats in a haze of pinks and blues. The realism and heavy pathos of an early Toulouse-Lautrec - *Le Buveur* - is in contrast to his Jane Avril, expressive of his mature period. Ends July 28 (4295228).

Martigny

Fondation Pierre Gianadda. Modigliani. Some 50 oils, as many drawings and some sculptures form an important retrospective of the Italian-born artist living at the beginning of the century in the feverish atmosphere of Montparnasse and Montmartre. In contrast, the rather stylised two-dimensional portraits of his friends and of Jeanne Hébuterne, his last and tragic companion, embody perfect repose. Even his nudes, voluptuous in shape and warm in colour, are wistfully reflective rather than erotic. Open all days. Ends Oct 28 (26/223978).

Brussels

Musée d'histoire. 71 Rue Jean Van Voilem. La Poétique des Femmes Italiennes à l'Aube du XXe Siècle. Closed Tuesdays. Musée Wellington-Waterloo. Inédits sur Waterloo commémorates the 175th anniversary of the Battle of Waterloo. Daily ends July 31.

Antwerp

Benbrant Bogatti and Belgian Animal sculptures (1890-1930) closed Monday ends July 29. Hesenhuis, 83 Falcenruil.

Rome

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Naples

Castel Sant'Elmo. In the Shadow of Vesuvius: Naples through the eyes of European artists between 1400 and 1800: fascinating collection of over 300 oils, watercolours, prints and drawings of a city which has proved irresistible to artists and travellers for nearly five centuries. Opening with the 15th century Tavoia Strozzi (painted by the pupil of Beato Angelico) where the city is seen from the sea bathed in improbable deep pinks and oranges, the exhibition includes gems such as a Brueghel (from the Thyssen collection), Gauparvan Witel and the beginnings of the 17th landscape tradition, works by Hubert Robert, Wright of Derby, Jacob Philip Hackert, Turner and Corot. Ends July 21.

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Madrid

Fundacion Caja de Pensiones. Georg Baselitz. Exhibition of this German artist's 1989's production, including paintings, sculptures, linocuts, pastels and drawings. Baselitz's work may be classified as expressionist but is above all strikingly original. Ends July 15.

Barcelona

Fundacion Caja de Pensiones. Edward Ruscha retrospective. Clear exponent of the latest artistic developments of the west coast of the United States. Ruscha still to knock down art's traditional role and to offer an ironic view of reality. Closed Mon. Ends July 15.

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15.

Museum of Modern Art. The first retrospective in America in 25 years marks the 80th birthday of Francis Bacon with 60 works dating back to his figure studies of the 1940s.

Metropolitan Museum of Art. The Russian Taste for French painting, representing three centuries of French masterpieces from the Hermitage and Pushkin Museums, covers Poussin to Matisse. Among the 51 works are major paintings by Watteau, Fragonard, Ingres, Manet and Henri Rousseau. Ends July 29.

Washington

National Gallery. More than 90 prints by Edvard Munch show the Scandinavian artist at his most colourful and prolific, mining his familiar emotional themes of anguish, jealousy, death and loneliness.

Gilchborn Museum. Paintings, drawings and sculptures from the Bay Area figurative movement of the 1950s and 1960s include works by Richard Diebenkorn, Elmer Bischoff and sculptor Manuel Neri.

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhibition *A House Divided*. America in the Age of Lincoln, with documents, mementos and personal effects of the Great Emancipator.

Composition with blue, Mondrian, 1937, Haags Gemeentemuseum.



© Mondrian 1937, © Beeldrecht Amsterdam

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a clear concept
can make all the
difference.

The Dutch artist Mondrian spent more than 20 years refining a style of painting he called neo-plasticism. Similarly, Rabobank carefully defined and refined its own style of banking. As the Dutch economy and industry grew, so did Rabobank, becoming the largest domestic bank. Today, with total assets of US\$ 90 billion, Rabobank is one of the top 50 banks in the world, with offices in major financial centres and ports around the globe, active in financing agribusiness, commodities and in every aspect of international banking. And we still have our own clear, long-term view of client relationship, based on commitment, dedication and trust.

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John...
1990

Trisha Brown

"Everything is in a state of

Alastair Macaulay

ALMEIDA THEATRE

and echoes her partner as well as punctuating the litany with exotic percussion, the second, *Sappho Hikeis*, a montage projected over an electronic accompaniment, is more complex, providing a counterpoint and reinforcement. Some of the sounds are strange and unearthly, the vocalists, Vangelis and Fania, Miranda employ a range of techniques (spiralling two octaves above the treble staff) that are well beyond the peak of modern electronic performance. But the final result seems negligible; after an hour of these pieces there is no enlightenment, no new insights, no pleasure. In his work so deeply in its own technical and literary background that any ability to communicate has been utterly smothered.

Andrew Clements

WIGMORE HALL

knows not to make the music too garishly overblown in recital. She was cautious, too, in Debussy's *Ariettes oubliées*, where many singers come to grief on problems of style. But negotiating the difficulties with care and feeling is not the same thing as hearing a native French singer sail through the music on bright, open tone and clear words.

The marvellous differentiation of style between Debussy and Dvořák in the accompaniments the former liquid clear, the latter glowingly romantic – announced a pianist of real sensitivity in Roger Vignoles. With his assistance Roberta Alexander made a lovely job of Dvořák's favourite "Songs my mother taught me," no relation to the other piece above. Evidently Ives and Dvořák had mothers with very different tastes in music.

Richard Fairman

Speculation slows down

No market darlings appear to have been assured. Douffes so well on target (apart from the "top" work) to Swiss and Japanese. All the Tapiés sold, as did all the Fontana, despite the recent dramatic run of failures in Paris and Milan. Poliakoff is one artist who appears to be loosing support.

Cheery news from Christie's. Old Master prints were very well received yesterday, with particularly rare or fine impressions doubling expectations. The sale totalled \$287,880, with a healthy 91 per cent sold.

Susan Moore



Russians in Manchester: self-portrait by Zinaida Serebriakova, and lithograph "Everybody to work, Comrades!" by Nilolai Kozunt

head on rusty girders. But go above all, to enjoy four beautiful paintings by Zinaida Serbiakova, who died in Paris in 1967. Her clothed self-portrait is wonderfully poised and dignified. Her nude self-portrait, that rare thing, is classically monumental and yet seated on the riverbank, she has the allure of an Art Nouveau naiad. Soon, please, can we have a Serbiakova exhibition?

Patricia Morrison

CRUCIBLE SHEFFIELD

Venables uses Bunyan as a valuable collaborator. The company enters singing "He who would valiant be," and Marmee's Christmas presents to her daughters are all copies of *Pilgrim's Progress*. Characters take turns reading passages that illustrate the events, and it must be admitted that the book is not in itself dramatic, even if the characters are. The switches to Bunyan cause notably little sense of interruption.

Apart from Jo, who is attractively played by Annette Francis, none of the characters calls for much thought. Truly Eccles has chosen the most unglamorous, Ecclesian, which lets her down at the New Year's party when the Moffats take advantage and make her look a clown. Kathleen Christof's Beth shows

Aspects of 1996 film *Wilde* (1996) by Ian Webber's latest is an ltydte chamber operetta derived from David Garnett's 1955 novel. Musically interesting and well created by Tony Palmer, the cast seems to know the project is a case of syntactic insouciance. A probable, but unspectacular, hit (#39 1997).

Shadows (Queen's), Four-
tis-
the people about the love affair
between crusty Oxford writer
C.S. Lewis and the cancer-riddled
American poet Jane Heap (1996)
which pairs John D. and Nigel Haw-
thorne and Jane Laportie turn
the awards statue. William
Nicholson's play is irresistibly
emotional. Kijer's performance
is superb (794 1166/439
1998).

The Wild Duck (Phoenix's), Peter
Hall's revival of these two
characters from the 1950s

New York
On at a Hot Tin Roof (Eugene O'Neill). Kathleen Turner, whose understated performance embodies Tennessee Williams' vibrant character Maggie, is surrounded by an excellent supporting cast in Howard Davies' production. **Grapes of Wrath** (Corynne Kormanik). A superb interpretation of the Steinbeck epic novel has taken a long time to reach New York from Chicago; the wait was worth it, with the film brought alive in its squalor as well as its test of human strength. Gary Sinise as Tom Ford and the cast in Frank Galati's production. **Cyrus** (St. James). This 80th anniversary production does more than revive a rich, vivid musical; it also introduces a new ballad in the Merman tradition. **Type**

Chicago
The Miserables (Broadway). The magnificent spectacle of Victor Garber and his understudy ensemble in history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Phantom of the Opera (Majestic). The beautiful Maria Björnsdotter, in splendid sets, Phantom roars with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6300).
Washington
Nightlight Express. Andrew Lloyd Webber's roller-skating musical slides into Washington on its national tour. Ends July 14. Kennedy Center Opera House (467 7700).
Chicago
The Magnificents (Royal Grove).

30pm performance consists of the even more spectacular full-length play, *Tempeku Tobaku*, by the same author, written with kabuki master Kikunosuke Kikuchi, the master of the quick-change routine. Excellent English guide in English and English-language Japanese. Meanwhile, the National Theatre (287 7111) has a "kabuki classroom" that consists of a lecture demonstration with English translation into English and Japanese. The performance of *Kozō no Hito* (*The Fox Princess*) – an excellent introduction to kabuki. Opens Wednesday.

10pm concert, a play written by the 14th century monk master, Kōmei, preceded by a kyogen comic interlude. With explanation of the play in English. National Theatre, (Wed at 1pm) (423 4411).

December. But the unsold total was also up, reaching 30.9 per cent. The market euphoria — or should I say speculation? — seems to have waned.

Joffe claims to have got his estimates 70 per cent right. That may explain why only one of the three big seasons — 1990-1991 — has been reached: the reserve, a Dubuffet for £1, which went to the Japan for £1.045m. The artist's "J'Accours" failed at \$350,000, as did a Francis Bacon study for a portrait.

There were also great success stories. A large early Lucien Freud of a man smoking made an auction record of \$560,000, the only lot bought by an American. A major work by

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Friday June 29 1990

Limits of liberalisation

THE OECD does not merely record the new global consensus on economic policy, it is one of its progenitors. Once associated with the Keynesian approach to economic management, it now states that "a steady monetary policy is needed to anchor expectations", while emphasising the place of structural reform in securing economic progress.

The latest Economic Outlook, along with its supplement on structural reform, bears witness to the triumph of these ideas and the success of those countries that have put them into practice. But these documents also reveal the dangers inherent in their inconsistent and hesitant application.

The OECD does not subject the new conventional wisdom to any searching questions. This is neither surprising nor reprehensible. It is difficult to argue with success. Economic growth in the OECD countries is expected to be close to 3 per cent this year and next. Thus, on the OECD's present forecasts, 1990 and 1991 will be the eighth and ninth years, respectively, of sustained growth in its member countries.

The countries of eastern Europe, including the Soviet Union, along with many developing countries - most recently Brazil - are no longer even trying to argue with results like these. They have what in terms of the history of economic thought must be regarded as the past - and it works. On the bicentenary of Adam Smith's death, his ideas are orthodox once more.

Yet their application leaves much to be desired. One concern is inflation. While monetary policy has been tightened, inflation of 4 per cent must be regarded as unacceptable. What would Adam Smith have said of a rate of inflation that will reduce the value of money eight-fold within a century?

Policy mistake

A small policy mistake or a shock could too easily push inflation to uncomfortable levels once more. That, in turn, would demand another bout of painful disinflation. But markets may legitimately doubt whether governments would have the resolve, one reason being financial fragility. On this fear the OECD stresses

that "concern about financial-market effects on the real economy has to reach very high levels before it would seem warranted to divert monetary policy from its medium-term objective of price stability."

Moral hazards

The OECD is right, but it cannot remove the doubts. The world is suffering the consequences of ill-conceived structural reform. It is foolish to liberalise a financial system that remained riddled with government-mandated moral hazards.

The malign consequences of ill-conceived financial liberalisation are not only to be seen in the present financial fragility. The OECD analyses nine areas of reform - finance, foreign direct investment, taxation, competition, labour markets, the public sector, industry, agriculture and trade - and notes that the main exceptions to the process of reform have been the last two, precisely the areas on which Adam Smith focused his attention.

Why has trade not been liberalised? One reason is that policy makers failed to realise the effect of financial liberalisation on capital flows from high-saving to low-saving countries. This natural result was, instead, condemned and became both an excuse for protection and a focus of international conflict. The OECD Report itself uses the label "imbalances" for such natural capital flows. The OECD's structural impediments initiative, in which the US and Japan are currently embroiled, is another witness to the failure to relate the left hand of financial liberalisation to the right hand of trade policy.

The priorities have been wrong. Financial liberalisation is probably less economically important than trade liberalisation; it certainly cannot proceed indefinitely without it, since debt must be serviced through trade. Furthermore, trade liberalisation by the major OECD countries is a necessary condition for successful liberalisation in the rest of the world. So long as "structural reform" in OECD countries coincides with growing protectionism both its benefits and its permanence must remain doubtful.

Break-up of an empire

A FULL engagement between the right and left wings of the Communist Party of the Soviet Union is promised for the party's 28th Congress next week.

For "left" and "right" have lost meaning in large parts of the developed world, and in the post-communist states of eastern Europe, they still retain it in the USSR. The revolution of 1917 was a victory for the extreme left. Marxism-Leninism was designed to release the forces of history from their capitalist/nationalist/feudalist bonds: to ensure the triumph of the working class through a monopolistic party; and to stimulate socialist revolt. It is impossible to rewrite Lenin into being a pragmatic social-democrat (in the modern usage of the word), even though the Gorbachev and his publicists have tried hard. Those who will oppose him most vigorously at the Congress have better claims to be Lenin's heirs than he does.

In three main areas, the Leninists have full cause for outrage. First, Mr Gorbachev has presided over a drastic decline in the power and authority of the party. The draft policy statement for the Congress, published on Wednesday, rejects the primacy of any party or class.

Second, Mr Gorbachev appears to have plunged for radical market reform, including the right to private property. The direction of the President and his council is clearly to the right. The draft statement, for example, downgrades central planning to "devising strategies for economic development". Last November's government programme, of reliance upon the command economy, is seen to have failed: the only alternative left to the reformers is promotion of market forces, including price rises, deregulation, higher foreign investment and an end to job security.

Striking effect

Third, Mr Gorbachev and Mr Eduard Shevardnadze, his Foreign Minister, ended two years ago the doctrine of pursuing the "class war" internationally. The most striking effect has been the liberation of much of eastern Europe; and there, the Soviet stance was not so much

hands off as active encouragement to the liberal elements in these states' communist parties - and, when they proved unable to lead reform, ready acceptance of their successors' regimes. General Makashov, commander of the Volga-Urals military district, told the conference of the Russian Communist Party that the Soviet army had been driven from countries which "our fathers liberated from fascism", and declared it would not be so treated in the Soviet republics. He was wildly applauded.

Rebellious republics

Popular opposition to these vast changes will vary: it is not clear how many want the Communist Party to retain political monopoly (polls have shown a minority, albeit a sizeable one); not clear either how far they regret the "loss" of eastern Europe, or of expensive and rebellious republics. The left wingers are on their surest ground when they oppose economic restructuring, the war and insecurity which that has engendered, taken together with more inchoate feelings that the Soviet Union has lost international prestige and that society has lost a guarantor of order, could mean the left gaining in stature and popularity.

Western countries, in particular the Community states this past week, have thought how they can support the right-wing tendency in Soviet politics. They can do so, as they already have, by making clear that German unification will be effected in such a way as not to damage Soviet interests: that eastern European states will not be co-opted into the anti-Soviet alliances which the left-wing generals fear; and that western economic assistance - tied to real reform - will be available. Beyond that, little can be done: the pent-up forces must slug it out.

The comforting thought is that there is nowhere for the left to go in the world. Their enemies are within: irredentism is barely possible, even in the fantasies of the most furious general. This is not West Germany, after all, but a redress of wrongs and ultimately capable of wreaking terrible vengeance. This is the last empire, breaking up.

From July 1 1990 the Bundesbank has 16m more reasons to care about stability." So starts the message from Mr Karl Otto Pöhl, president of the West German Bundesbank, in a coloured eight-page brochure on the D-Mark being distributed to 8.5m households in East Germany ahead of German monetary union this weekend.

The reference to the number of East Germans coming under the Bundesbank's monetary aegis at midnight on Saturday gives just one indication of the extra challenges facing Europe's most powerful central bank.

Less than five hectic months after Chancellor Helmut Kohl's proposal in February to extend the D-Mark eastwards, one of the furthest-reaching currency conversions in history is under way. Well-guarded lorries have been transporting across the border DM25bn in notes and coins in preparation for Sunday's replacement of all East Mark assets and liabilities by the D-Mark.

The transfer to the Bundesbank of monetary sovereignty over an area of Germany run on totalitarian lines since Hitler's takeover in 1933 is an essential precondition for the introduction of market economics east of the Elbe. In the prelude to full political union, now looking likely with all-German elections in December, the main elements of West Germany's fiscal, social and legal systems will also cross over at the weekend.

The introduction of the D-Mark has severely tested relations between the statutorily independent central bank in Frankfurt and the Bonn Government. The Bundesbank has been closely associated with drawing up the monetary union treaty which comes into force on Sunday. But the path has been marred by discord with the Government.

More than once, the Government failed to consult the Bundesbank on time over the terms of the GMU. Bonn softened the Bundesbank's proposals for a two-for-one East Mark/D-Mark conversion rate. In May, the Finance Ministry was also a day late in notifying the central bank of a decision to set up a special fund to borrow DM55bn to finance the unity process outside normal budgetary procedures.

Although he is now confident that the Bundesbank is in charge of the monetary changes, Mr Pöhl admits that he erred in under-estimating the political momentum behind the unity process. After Mr Kohl's initial surprise announcement on February 6, the Bundesbank chief seriously considered resignation though he quickly rejected the idea.

The more extreme perceptions abroad of a serious weakening of the Bundesbank's independence have certainly been exaggerated. But doubts on financial markets about the possible inflationary effects of currency union have driven up capital market yields and depressed the D-Mark, especially against European currencies.

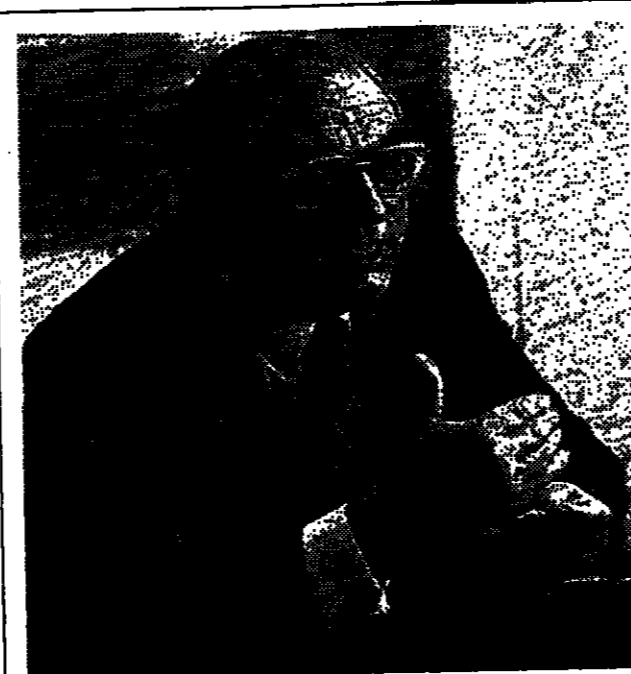
Looking at the rise of well over 1 percentage point in long-term D-Mark interest rates since the start of the year, one of Mr Pöhl's colleagues on the Bundesbank's seven-man directorate says: "If they (the Government) don't consult us, the result is more expensive." He sums up the general surprise at the speed of events: "If, nine months ago, someone had told me that by July next year we would have currency union with East Germany, I would have said he was mad."

The Bundesbank knows that psychological fallout from the differences with Bonn could have an impact on EC talks at the end of the year over European Monetary Union.

The destiny of the Bundesbank's image has not, however, turned it into a pushover for Europe's monetary federalists. If anything, the setbacks determination to plan for a common European currency and central bank must be unambiguously based on anti-inflationary rhetoric.

David Marsh on the challenges facing the Bundesbank on the eve of monetary union

Caught in the political crossfire



Karl Otto Pöhl, President, West German Bundesbank

For years, the D-Mark has been increasing its importance as a parallel currency throughout formerly communist eastern Europe. Including its role as the pivot of the European Monetary System, the scope and influence of the D-Mark extend across an area bigger than the old Holy Roman Empire. The D-Mark is established as the world's most important reserve currency after the dollar. Foreigners' D-Mark holdings amount to about DM500bn; the US Treasury now owns

D-Mark reserves of DM40bn.

Both Mr Pöhl and Mr Theo Waigel, the Finance Minister, have been playing down the Bonn-Frankfurt strains, arguing (with justification) that they sorted out the main disagreements several weeks ago. There is, however, no denying that passions have been running unusually high.

One of the most outspoken of the presidents of the 11 West German regional central banks, who together with the directorate make up the

Bundesbank's unwieldy 18-man policy-making council, complains that the Government has been following "Neanderthal" economics over GMU.

Another senior Bundesbank man fumes that Bonn officials should have a joint interest with the Bundesbank in maintaining confidence in the D-Mark. "Some do not have this. They are really stupid," he says, and hints that the Government's insouciance could have a price: "If confidence in the D-Mark really suffered and the

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Pöhl puts history first

Mr Karl Otto Pöhl is an urbane 60-year-old who carries lightly his authority as the world's most senior central banker, writes David Marsh. He is not used to being caught wrong-footed by the politicians. So the events of Tuesday February 6, the Bundesbank's seven-man directorate say: "If they (the Government) don't consult us, the result is more expensive."

He sums up the general surprise at the speed of events: "If, nine months ago, someone had told me that by July next year we would have currency union with East Germany, I would have said he was mad."

The Bundesbank knows that psychological fallout from the differences with Bonn could have an impact on EC talks at the end of the year over European Monetary Union.

Mr Pöhl seriously considered resignation. However, he quickly rejected the notion of stepping down over a "protocol" matter at a time of historic significance for Germany.

Instead, he headed off on Tuesday evening for Bonn to attend a cabinet meeting on GMU called for the next day. One minor inconvenience: he had failed to pack a clean shirt for the extra night away from home.

The previous day, Monday, Mr Pöhl had spoken for half an hour on the telephone with Mr Kohl, who gave him a gloomy account of East Germany's economy after meeting Mr Hans Modrow, the East German Prime Minister, in Döbeln at the weekend. Mr Pöhl also talked with Mr Theo Waigel, the Finance Minister, in Bonn, for about two hours, accompanied by his deputy, Mr Helmut Schlesinger. On neither occasion did the politicians tell Mr Pöhl of any plan for immediate currency union.

Mr Kohl's decision, in fact, was made at a meeting with coalition leaders on Tuesday morning in Bonn. Mr Waigel later excused the failure to consult Mr Pöhl straight away on the grounds that telephone lines between Bonn and East Berlin are perpetually overloaded.

A senior continental central banker who knows Mr Pöhl well - and who believes that the harm done to the Bundesbank's position in the past few months has been more apparent than real - comments of the February episode: "He (Mr Pöhl) has the reputation of being extremely sensitive to political developments. It is in this context that his reputation has suffered."

A close Bundesbank colleague explains the reasons for his boss's anger: "Pöhl always looks so relaxed. But he is not really. He is very thin-skinned."

Stopping art theft

■ Here is a job offer that might interest someone looking for a change and a challenge: provided, that is, that he or she has some knowledge of the arts, the fine print of the insurance world, detective work and preferably a few foreign languages thrown in.

For the visual arts and insurance sectors may have finally joined forces with some cooperation with the police authority worldwide. The International Art Loss Register is about to be launched as a company and is seeking a managing director or chief executive.

The idea goes back a couple of years when it became clear that there was a sporting chance of getting away with art theft. Marcus Linell of Sotheby's and Julian Radcliffe of Hogg Robinson decided that there must be a way of preventing stolen works from being handed on. "The best way of finding them is when they change hands," says Linell. "That is a very short period."

More easily said than done. First of all, it depended on the dealers agreeing to work together. Then the task will depend on the record of a stolen work being put immediately onto a computer. The art world itself will have to become computerised to deal with the changes. The underwriting world will have to be fully on board - Linell says that this has been achieved. And so will the police, who have admitted that so far there has been little that they can do about tracing stolen works of art. In future the police will be tied in to the computer network.

Offices of the International Art Loss Register will open simultaneously in London and New York, probably early next year. After that there should be offices in Paris, Geneva, somewhere in Germany and Los Angeles. Meanwhile, the search is

OBSERVER

about to begin for someone to run it. According to Linell, they are looking for someone around 35 ready to travel and to talk to the police forces. Salary will be about \$20,000 a year, plus benefits, which seems to me remarkably low when you think of the benefits that prevention of art theft could bring. At the very least, there should now be a sporting chance of discovery.

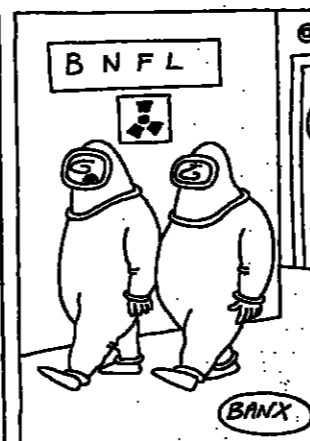
Truly British

■ Dun & Bradstreet is displaying a number of items which it considers to be quintessentially British. The town (as opposed to the country) section includes framed prints depicting Horseguards Parade and Parliament Square, a model of Horseguards Parade, a programme of Trooping the Colour, a Harrods van, a London bus and a copy of the Financial Times.

Irish crowds

■ The Pope was at his most diplomatic when he met the Irish football team in Rome. "My best wishes to you," was as far as His Holiness went in offering encouragement to the Irish team.

There is less diplomacy elsewhere as Ireland prepares to meet Italy in the World Cup on Saturday. The Irish are angry about the ticket arrangements. Out of 80,000 seats available, the Italian authorities allocated only 2,000 to Irish supporters.



opposition parties to accompany him. He is due back in Dublin at 2.30 am on Sunday in order to receive Nelson Mandela at 8 am.

Still Smith

■ The weather has perked up at the Adam Smith Festival in Edinburgh: breezy sunshine after the humid conditions on Wednesday. But it is still not festive.

For a start, no delegate has yet risen to Observer's challenge to find an Adam Smith joke. Here in London we have had a contribution from Tim Smith, the Tory MP for Beaconsfield (no relation). It is about what Smith (A) had to say on potatoes, but even Smith (T) admits that it is not really a joke.

DMF's executive director for Japan, said that he had already visited Smith's tomb twice and could hardly wait to do it again.

There are several possible reasons for the prevailing earnestness. Sleep was disrupted by a fire alarm at the Sheraton. And neither the Royal Lyceum Theatre nor the Caledonian Hotel, the chief venues, provide a correctly dynamic atmosphere for the economic reshaping of the world in the 1990s.

Some business is being done behind the scenes. The presence of the Scottish banking men - as delegates rather than speakers - is arousing interest. Who breakfasts with whom arouses even more.

William Purves, chairman of the Hong Kong and Shanghai Bank, Howard Macdonald, his counterpart at NatWest Investment, and David Bann, chief executive at BZW, are presumably not in Edinburgh to discuss the invisible hand.

And what was Gerry Corrigan, head of the New York Federal Reserve, discussing over croissants with Haruko Fukuda, director of Nikko Securities, and Moreen Quashli, the senior vice president of the World Bank? It was the wealth of nations with small letters: the implications on world savings of President Bush's new economic plans for Latin America, announced on Wednesday.

End of joke

■ Visitors to the town of Sligo, in the west of Ireland, will find the local solicitors changing its name. Although Messrs Argue and Phibbs ceased practising 50 years ago (the office was once in a street called Robber's Row), the name continued. The two solicitors who now control the firm have finally decided it is time to close the case on what has been one of Sligo's longest running jokes.

EBEL

Les Architectes du Temps

Britain's ability to kid itself about the true nature of the European Community is practically infinite.

Most of us know that Germany and France, in that order, will run the EC for the rest of this century, and possibly beyond. Only those with superhuman powers of self-delusion believe that there is any escape from Europe's seemingly invincible duopoly, except in the unlikely event that the nation is dissolved during the next year or so. We can console ourselves by observing the growth in the proportion of community business that is conducted in English. Fine. Our linguistic advantage is worth something. But the economic reality is of greater weight. We are stuck in the EC as it is being fashioned by Bonn and Paris - and we have only one option, which is to try to make the best of it.

This is not the fault of the British Prime Minister alone, although her celebrated manifestations of little Englandism have contributed mightily to the cementing of the Franco-German alliance. Over the years she has managed to convince the leaders of both countries that Downing Street's tantrums will always be followed by a last-minute signature on the dotted line. As a result it is no longer accurate to say that the British Government is isolated within the EC. It is, rather, ignored when the serious business and patronised during the dinner breaks. Chancellor Helmut Kohl uses the first of these techniques on Mrs Margaret Thatcher, while President François Mitterrand practices the second. By all accounts this is what happened at the summit in Dublin on Monday and Tuesday.

The Prime Minister's good behaviour at that summit had more to do with domestic politics than any newly enlightened perception of how to pursue British interests inside the evolving EC. To explain this we need go back no further than October, when the former Chancellor of the Exchequer, Mr Nigel Lawson, resigned. The personal squabbles of that resignation are already submerged in a cloud of disinterest. Historians will presumably concentrate on the substantive question. It is still with us: will Britain become a member of the Exchange Rate Mechanism of the European Monetary System.

This, as we all know, is followed by other questions, to do with Britain's participation in the single European central bank, or its acceptance of a single European currency (i.e. the D-mark), or its acquiescence in that undefined notion called European political union? Every one of these questions is a throwing-knife, with the potential to reach the heart of the Conservative Party.

When Mr John Major became Chancellor in sudden succession to Mr Lawson he perceived that his first task was to settle the party down. This was not hard to see: Conservative disarray, and the Labour lead in the opinion polls, increased at an alarming rate for most of the six months following his arrival. In con-

Thatcher cast adrift on the Brussels tide

sequence, Mr Major's principal contribution to the management of the Treasury has so far been an almost exclusive concentration on the politics of every decision. His Budget went some way towards calming the backbenches. His steady series of talks about joining the ERM have taken the process a stage further.

The Chancellor's personal motivation is to reach the top of his profession, but he regards himself as too young and inexperienced to succeed Mrs Thatcher before the next election. It is therefore in his own interest, and also in the interest of the party, to prevent a split since that would probably be followed by a serious contest for the leadership later this year. If these events do come to pass, then Mr Major, like the other not-yet-ready contender, Mr Christopher Patten, will doubtless back the Foreign Secretary, Mr Douglas Hurd, as an interim leader.

These are the primary considerations behind the long-running fable of how Mr Hurd and Mr Major have enjoyed Mrs Thatcher into near-acceptance of the ERM. They have weathered her increasingly wilful temperment for the sake of the party and, as a bonus, their own futures. The distance they have travelled is, however, more a consequence of her domestic political position than theirs. The Thatcher-Major adaptation of a proposal for a 13th currency based on the European currency unit was designed to calm the nerves of both the Tories and their leader in advance of the Dublin meeting. Mrs Thatcher accepted because the matter at issue is survival. Divide the party and she is gone. When Labour's lead was 20 plus percentage points the prospect of a leadership contest loomed larger than it does today. Yet it has not gone away.

In contemplating such a contest the Prime Minister need not fear the anti-Brussels brigade. This is composed of her most passionate admirers, who will follow her wherever she goes. The danger is among pro-Europeans and, latterly, with the average party hack, who understands little about any of it but who has become dimly conscious of the fact that business favours European economic integration and is broadly indifferent to the political consequences.

She is also aware of the appeal to many party workers of Mr Michael Heseltine, who she was returning from Dublin on Tuesday. He was addressing the Bruges Group in London. Without notes, he had a full house of anti-

POLITICS TODAY



Brussels campaigners listening hard. His message was that the realities of the global economy impel Britain into full-hearted membership of the EC. Outside it, the City would lose its financial appeal, inward investment would dry up, and manufacturing industry would find its markets circumscribed. As to the political and bureaucratic implications, he argues that we would be better off on the club committee than as ordinary members - but to get on the committee you have to be seen to be in sympathy with the club's overriding purposes.

Many people criticise Mr Heseltine for his ambition, his ability to buy intellectual support, his public relations techniques, his *divergence*, and numerous other perceived imperfections. Let us say they are right about all of it. What is left is still the only serious politician in Britain who attempts to proclaim a coherent vision of the EC and Britain's place inside it.

His chances of capturing the Tory party have, however, receded as the Hurd-Major efforts at steadying backbench nerves have begun to work. Mrs Thatcher must fear him less today, since the Labour lead in the opinion polls is half what it was two months ago. The problem for the Tories' Europeans is - what does she do if the poll lead narrows still further? It would be very costly for her to retreat on the ERM now, since the markets are insisting on entry. Yet if she feels her political strength returning, she will be sorely tempted.

Meanwhile the Conservatives are enjoying an open season on European debate. The Trade and Industry Secretary, Mr Nicholas Ridley - still a Thatcher favourite - appealed to the Bruges, anti-Brussels spirit in his recent speech to the Bruges Group on June 5. Casting aside his earlier federalism, he advocated an enormous free trade area, stretching from the Atlantic to the Drals. The Deputy Prime Minister, Sir Geoffrey Howe, is con-

tinuing his persistent series of speeches to the effect that when Mrs Thatcher talks about the sovereignty of the British Parliament she is talking nonsense.

The most recent exposition of this view, not put in quite that way, was his elegant London School of Economics alumni lecture of June 8. It might have attracted shock-horror headlines had Sir Geoffrey not become the Cheshire Cat of British politics, with even the vestige of a smile now rarely observed. Mrs Thatcher varies her comments between the careful official briefs, which are aimed at maintaining unity, and her inability to keep her mouth shut when she feels a contrary outburst coming on, as in her press conference in Dublin on Tuesday. (She is at her most disingenuous when she stresses the "700-year-old sovereignty" of the House of Commons, which is non-existent; she rules, and her party rubber-stamps.)

This cacophony is being banged out against a background of traditional British muddle about where it is all going. Sir Geoffrey is right about sovereignty: it is already much diluted by our membership of Nato and many international bodies such as the International Civil Aviation Organisation and the World Health Organisation. Not to mention the EC, particularly after the Single European Act. In answer to worried questions Mr Heseltine pointed out on Tuesday evening that nearly every day the House of Commons passes or debates some measure or another whose origin is Brussels, via Whitehall. Membership of the ERM will further erode this sovereignty of which the English speak so much and understand so little. Britain could regain all the powers devolved to various international bodies by withdrawing from them - if it was prepared to pay the price of becoming the western world's first totally sovereign stone-age island.

A thoughtful paper about where the EC might be heading has come from the Institute of Directors. It draws a distinction between over-centralised so-called federations like the USSR and true federations like the US, in which the states' rights are powerfully entrenched and jealously defended. The principle of "subsidiarity" the IDJ argues, could lead Europe towards an over-centralised structure, since by implication what the subsidiary bodies do is subsidiary and not part of a co-equal set of powers. If you follow the argument of this paper, you might end up wanting a US-style federation minus Washington's powers of taxation.

I doubt if the French would accept something as uncongenial to national pride as that, but a British Prime Minister who wanted to be taken seriously about the EC would be using this kind of analysis as the language of discussion. So, for that matter, would a leader of the opposition. Until we have someone in Downing Street who is willing and able to conduct debates on the proper level there will be little chance of influencing the enterprise and none of breaking up the present, powerful, two-man management team.

LOMBARD

Home truths on housing market

By Anatole Kaletsky

Britain's obsession with bricks and mortar is the root of all economic evil. If there is one proposition that virtually the whole professional economic establishment can agree on, this seems to be it. The fustilades against home ownership pour down from dismal scientists on the right, left and centre. It was the housing boom of the late 1980s that caused the subsequent inflation and balance of payments crises. Now Britain will have to live indefinitely with the world's highest interest rates, unless politicians find the courage to attack the country's pampered homeowners.

Fortunately, this terrifying conventional wisdom has missed a crucial point: our economic problems were not caused by money going into the housing market, but by money coming out of it. In spite of the array of tax incentives for home ownership, Britain does not spend too much on housing. Far from it. At 3.5 per cent of gross domestic product Britain's investment in housing during the 1980s was by far the lowest of any OECD country. Comparative figures for the US, Japan and Germany were 4.4 per cent, 5.6 per cent and 6.2 per cent respectively. As for house prices, they rose no faster than average earnings during the 1980s, apart from the brief speculative blow-off last year.

What was extraordinary about the British housing market of the 1980s was the scale of new borrowing. Lending "for house purchase" increased from £7.4bn in 1980 to £41.3bn in 1988. At the beginning of the period 83 per cent of the lending was going into housing investment, but by the end this proportion was down to 40 per cent. The rest was "net equity withdrawal". This was the money shown as "lending for house purchase" in the official accounts, but actually spent on cars, holidays, private education and second homes abroad.

Prior to the deregulation of mortgage lending in 1980, this equity withdrawal had fluctuated between £1bn and £1.5bn annually, with no clear trend. But during the "Roaring Eighties" equity withdrawal increased almost 20-fold,

according to unpublished Bank of England calculations, from £1.3bn in 1980 to £24.5bn in 1988. The decade's total equity withdrawal of £148bn far outweighed the Government's much vaunted public sector debt repayments - and this was the main cause of the recent disastrous credit boom.

The Government's response to this problem is to chastise the whole economy with high interest rates. The obvious alternative would be to limit equity withdrawal directly. Conventional wisdom holds this to be impossible, at least without new credit controls. But in reality it might be quite easy and painless.

The most drastic step would be to impose capital gains tax (CGT) on equity withdrawals. This would not impede labour mobility nor prove impossibly unpopular, like the extension of CGT to all profits from owner-occupied housing. However, politicians could consider a smaller and more appealing legislative change. Why not replace the present ludicrous "health warnings" about the possibility that imprudent borrowers could lose their houses with a much more effective deterrent to excessive lending? Suppose a mortgage lender wants to evict an owner-occupier in default. The lender could be forced to show that the defaulted loan has been used for the purchase and improvement of the property of a previous property loan.

Houses could still be used as collateral for equity withdrawal, but lenders seeking repossession would have to go through a more elaborate legal procedure than genuine housing lenders. Perhaps they would be forced to accept former owner-occupiers as sitting tenants for a limited period. This kind of procedural impediment would only deal with one kind of equity withdrawal. It would not affect the gradual cashing-in of property gains by the retiring generation. And it might seem too draconian if applied to people withdrawing equity when they moved house. Still, it might be worth a point or two off mortgage rates - and many millions of votes.

LETTERS

'BT is not asking for privileges'

From Mr Iain Vallance.

Sir, "Cosy duopoly in telecoms" (FT leader, June 26) suggests that British Telecom will complain that too much competition would hamper its ambition of becoming the world's leading telecommunications group.

Far from it. We believe that more competition would be beneficial, both to consumers and shareholders, provided that it is accompanied by less, not more, regulation. Such a change would need to address a number of issues which are as yet far from understood. First, the telecommunications markets of the 1990s are becoming global. The key players are as large if not larger than British Telecom. All of them have protected domestic markets.

In my view, if the Government decides to open up the market to further competition in the United Kingdom, it has a matching responsibility to ensure that British telecommunications companies have similar access to the domestic markets of their international competitors and are not hobbled in their own backyard.

Second, any structural change suggested for British Telecom in a more liberalised market needs to be based on the needs of UK consumers,

and on the efficient use of technology. Your nostrum that BT be divided into separate subsidiaries for international, national and local networks flies in the face of both.

We know from extensive research that the last thing business customers want in the UK is to deal with a plethora of independent units in British Telecom in the provision and operation of their networks.

They want a "one-stop-shop" from us, and the reorganisation we are currently undertaking will give it to them. So far as the technology is concerned, in a digital environment networks are best run in a seamless fashion; the old hierarchy of local, trunk and international exchanges is obsolescent. Again, our current reorganisation moves with the tide of technology; it does not attempt to stem it.

Finally, if there is to be true competition, distortions in the current tax structures need to be removed.

High rates of return on international calls have attracted your attention. The concomitant huge losses on the provision and maintenance of exchange lines apparently do not. Yet the present subsidy of local access to our network by profits made on calls

is one of the prime reasons why competition has been slow to develop in the basic telephone service.

We are not asking for privileges in the UK market. We accept that we need to be subject to the full rigours of competition law. What we ask is that the regulatory and competitive framework is such as to encourage true competition, rather than regulated and selective substitution.

To achieve this, we hope that the Government's forthcoming review of telecommunications competition policy will look beyond the narrow confines of the UK to the position of the UK and its operators within the developing European and world markets.

We also hope that the Government will avoid any temptation to separate out the consideration of competition policy from that of regulation; one is the counterpart of the other. A comprehensive move on international call prices, for example, without a parallel examination of the competitive effects of the exchange line subsidy, would in our view be unduly discriminatory.

Iain Vallance,
Chairman,
British Telecom,
British Telecom Centre
81 Newgate Street, EC1

Perceptions of 'engineer'

From Mr Philip Varley.

Sir, As an engineering graduate who has "leaked" into finance, I read with interest Lynette McLain's article (June 15) about concern in the UK about lack of interest in engineering careers.

There are three reasons why many engineering graduates choose other career paths: ● the UK media's continued insistence in describing engineering workers as 'engineers'; ● the limited opportunities, especially in comparison with careers in the City, to advance quickly to senior management; ● the poor salaries, both in terms of progression, and in terms of absolute cash compensation, compared with bonuses and stock options handed out freely to financial managers.

A student with the ability to complete a demanding engineering degree has the ability to succeed in any numerate discipline. As a rational person, he or she will be motivated to satisfy individual needs according to Maslow's hierarchy. These needs include belonging, esteem, and self-actualisation.

The first reason given above negatively affects the belonging need, and reduces self-esteem, because of the public perception which associates "engineer" with non-graduate engineers. The other two reasons reduce self-esteem and limit self-actualisation.

Solutions will only be found when engineering institutions take an aggressive approach to the use of the word "engineer". Perception is reality for most of us: no matter how altruistic we would like to be, ambitious graduates of engineering want to succeed - and be seen to succeed - in a material world.

Moreover, company chairmen who lament the shortage of quality engineers should look at their companies' own pay and progression scale. Far better to allow an engineer with 10 years experience to move into general management, where he/she will continue to utilise analytical skills, than to deny that opportunity because he/she is perceived as a specialist - and lose that person to another profession.

Philip Varley,
Auto-Trol Technology,
12500 North Washington Street,
Denver,
Colorado, US

Foreign investment in Hungary

From Mr Charles Lillis.

Sir, I would dispute one of Mr Nicholas Denton's conclusions ("Hungarian funds slow to place investment cash" June 20).

With more than \$200m raised by funds for investment in Hungary, he asks: "Is this a case of too much money chasing too few goods?" and cites Merrill Lynch's recent launch of the \$50m Austro-Hungary Fund, designed to invest in listed Austrian and Hungarian equities and to be managed by Lloyds Investment Management International.

The launch of the Austro-Hungary Fund has been timed to coincide with the start of the Hungarian government's systematic privatisation programme. Officials estimate that state assets with an aggregate value of approximately \$600m will be privatised in 1990 with a further \$1bn to come during 1991.

It is expected that most of

these assets will be listed on the Budapest Stock Exchange. The first example is the recent successful flotation of Ibusz, the state travel agency which has started trading in both Budapest and Vienna. We expect that The Austro-Hungary Fund, which will be looking to invest \$25m in Hungary, will be in a particularly good position to benefit from these official privatisations and the so-called "spontaneous" privatisations of self-governing companies.

Mr Denton cites the difficulties that previous funds, notably the First Hungary Fund and the Hungarian Investment Company, have had in finding joint venture candidates that the defence of the Hungarian Fund is likely to face. We do not believe that the cases of listed equities is now supply established and the clearly established and the Austro-Hungary Fund is to play an important role in

the privatisation process. In contrast, the two previous funds have sought to participate in the establishment of joint ventures, which by their nature take a considerable time to set up and which often require greater inputs of management and other resources than finance.

The position of the Budapest Stock Exchange today is very similar, in many ways, to that of the Budapest Stock Exchange a small number of months ago: a small, illiquid market awaiting a substantial privatisation programme. The influx of foreign managed investment funds in Hungary has provided a catalyst to local investment and has enabled the efficient absorption of a large flow of new equity issues. We believe that the Austro-Hungary Fund and those that follow it will serve a similar function in Hungary.

Charles Lillis,
Merrill Lynch Europe,
Ropemaker Place, EC2

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Bush seeks partnership with Latin America

Peter Riddell and Lionel Barber examine the US plan for closer economic ties

PRESIDENT George Bush's proposal for a new economic partnership with Latin America represents in direction, if not in detail, the equivalent of a 1982 plan for the Americas.

The implications of the "Enterprise for the Americas Initiative" are considerable, not only for US relations with Latin America and the Caribbean but also, more specifically, for issues such as the treatment of official debt.

The inspiration is largely political. Mr Bush and his advisers believe a fundamental change is under way in Latin America. They argue that a new generation of leaders - symbolised by President Carlos Salinas of Mexico, but also emerging in Venezuela, Chile, Brazil and elsewhere - is committed to economic reform, privatisation and moving towards a free market.

The US wants to reinforce that change, helping to create a sense of hemispheric identity by interlocking trade, investment and debt problems. In this respect, the plan bears the stamp of the US Treasury, which led the incubatory three-month review.

The 1982 commission should not be exaggerated because the countries of Latin America vary economically and there is no central political framework. But there is a similar desire to offer a political statement

PRESIDENT George Bush's "Enterprise for the Americas Initiative" contains the following proposals for dealing with the debt problem:

- The Inter-American Development Bank will back the reduction of commercial debts;
- The US will propose legislation to permit reduction of bilateral debt obligations on a case-by-case basis for countries with International Monetary Fund/World Bank reform programmes;
- The US will write-off substantial amounts, in some cases more than 50 per cent, of the outstanding principal of \$7bn in concessionary, generally aid, loans. The reduced principal obligations will be repaid in annual instalments over several years.

The starting level of payments will be the same as is actually paid now in cash flow terms, a reflection of the reality that countries are paying less than they should.

The preservation of revenues will maintain current spending in these aid programmes;

about the region. The timing is linked to the summit of the Group of Seven leaders next month in Houston. Mr Bush wants to send a message to them and to Latin America that he takes very seriously events south of the Rio Grande. This is in part a reaction to Latin American worries that western industrialised countries are focusing solely on central Europe and the Soviet Union.

The initiative also marks a sharp break from the Reagan years, when Washington appeared to concentrate too heavily on the national security threat posed by insurgencies, backed by Moscow and Havana, in the region.

Participating countries will make interest payments in local currency at an agreed concessionary rate. The US will place these local currencies in trust funds to support environmental and similar projects.

The US will sell in the market a portion of outstanding Eximbank and Commodity Credit Corporation loans to facilitate debt/equity and debt/nature swaps into local currency, as happens with commercial bank debt paper.

These loans total \$5bn but possibly about \$600m might be sold over a period.

However, for countries with a substantial amount of commercial bank debt outstanding these deals will only occur when a debt agreement with commercial banks has been completed, both to avoid disrupting the market and to provide an incentive to fix bank deals.

Revenues from the sale of these non-concessionary credits will be returned to the programmes for future lending.

deficit. It wants to recapture lost markets. Indeed, while the administration stresses the importance of the Uruguay Round of trade talks, its proposals for a comprehensive free trade agreement for Latin America, and for deeper tariff cuts on specific products of interest to the region, can be seen as a fall-back move towards a regional bloc if wider negotiations fail.

The investment proposals aim to encourage capital flows and private sector involvement. For countries which have International Monetary Fund adjustment programmes and World Bank loans, the US proposes that the Inter-American Development Bank (IDB)

should develop a sectoral loan programme linked to privatisation efforts and liberalisation of investment.

A separate, five-year multi-lateral investment fund will be set up, run by the IDB and providing grants of up to \$300m annually to assist specific reforms towards a market-oriented system and attracting foreign investment.

The US will contribute \$100m annually to the fund and will seek matching contributions from Europe and Japan, probably from the non-regional IDB shareholders.

This is separate from ideas floated by the US for the Group of 24 industrialised countries, involved in helping Poland and Hungary, to extend its remit to the new democracies of Panama and Nicaragua.

The debt initiative is intended to complement what the US Treasury's Brady plan does for commercial bank loans in the area of official government loans.

A senior Administration official drew the distinction between US bilateral action over its own loans to Latin America and the multilateral issues raised by the \$30bn owed in official debt by Poland (of which only \$3bn is owed to the US). The US concedes that its Latin American proposals will have a powerful effect on how people think about official debt.

Latin American reaction, page 5

THE LEX COLUMN

Bad debt signals from the TSB

The TSB has a much stronger balance sheet than the poor old Midland. That apart, they have a lot in common. If managed half-properly both should be very attractive recovery stocks; if not, there is always bid speculation to maintain the interest of the state bulls. And as with Midland's profits warning of two months ago, it is easy to dismiss yesterday's miserable interim results from the TSB as of only marginal relevance to the rest of the high street banks.

The more than threefold jump in the TSB's bad debt charges to \$83m may simply reflect what happens when an overcapitalised bank starts chasing market share near the top of the economic cycle. The TSB's advances have risen by two thirds over the last couple of years; its interim pre-tax profits have fallen over the same period by 17½ per cent to £175m and retained earnings have dropped by 60 per cent. Were it not for its surplus capital this bank would be facing serious difficulties, given that its costs have risen by around a third over the period.

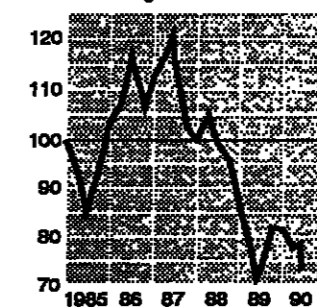
Other institutions have tried the same sort of massive restructuring as the TSB with mixed success. Nevertheless, its insurance business is prospering and any drop in interest rates could restore the profitability of its £56n mortgage portfolio. The worry for the rest of the sector must be that the TSB's bad debt experience is not atypical. And if the big UK clearing banks by only 10 per cent, one of the main props underpinning the TSB's shares would be removed.

Magnet

The latest news from Magnet is an object lesson for investors and retailers alike. Only four months after its latest refinancing, Magnet is in default on \$386m of senior debt, to say nothing of a further subordinated £200m. The banks have therefore waived interest payments; the loans thus being in the Third World or non-performing category, there will doubtless be provisions accordingly.

The default is attributed to Magnet's failure to achieve asset sales on target. There are special features here; the banks omitted to secure the loans made to the buy-out vehicle against the operating assets, so are unable to enforce disposals. But it serves as a reminder of how risky it is to rely on asset values as a backstop in the retailing industry.

BPB
Share price relative to the FT-A Building Materials Index



these days. For investors, there is also food for thought in Magnet's repeated assertion that payment of dividends on any class of its shares is very unlikely in the foreseeable future. Coincidentally, shares in fellow furniture retailer Lowndes Queensway, which stood at 37p this time last year, have almost halved this week from 3p to 1½p. Lowndes is apparently still trading within its £200m debt limits. But whether the company survives or not, the shares are worthless. If the banks do prop up such desperate cases, the least they will demand is full equity entitlement should the upturn ever come.

Property companies

The second half of 1990 is likely to involve lots of hard decisions for those banks that have lent to UK property developers. The Sheraton refinancing shows that some will be given time to weather the bottom of the property cycle. That may be due to the quality of Sheraton's portfolio but its balance sheet looks hairy enough; it has a market capitalisation of £50m and around £300m of debt. The question for shareholders is whether the £25m they are being asked to contribute is designed merely to help the banks conduct an orderly liquidation of Sheraton's portfolio.

Broadwell's problems may be on a smaller scale but it is significant that it has been affected by a purchaser's failure to meet the payment deadline on a new development. That may indicate the banks' unwillingness to lend to buyers of property, or, of course, if there is no money for buyers, how can the developers sell their surplus sites? And if the property market is dead, there is little incentive for banks to

foreclose on companies, and assume the burden of selling the buildings.

BPB

It is hard to discern much light at the end of BPB's tunnel. After the 38 per cent fall in last year's taxable profits to £126m, another drop is likely this year with the plasterboard war in the UK still raging. If housebuilding recovers well in 1991, the pressure on volumes may recede; but 40 per cent of UK plasterboard goes into offices and factories, where there is little scope for optimism.

Short-term, one thing in BPB's favour is its low tax charge, thanks to high capital allowances and low continental tax rates. But some longer-term question-marks help justify the high yield on the shares, at 8.6 per cent. The issue is capital expenditure, and what it is doing to BPB's cash-flow, which turned negative last year. Capital spending is dropping from last year's peak of £165m, to a more manageable £100m, but the figure might have to rise again in the mid-1990s, as BPB expands in Europe. Outlays like this require taking a long-term view. This is normally praiseworthy, but it could backfire if the current price competition turns out to be a constant phenomenon permanently undercutting BPB's return on capital.

Anglian

The £100m index-linked bond issue from Anglian Water, the first of the long-awaited series of debt issues from the water companies - has a degree of ingenuity about it. The water companies' inflation-linked pricing formula makes them particularly suited to this kind of instrument; and though index-linked issues are tax-efficient for the private borrower, Anglian's capital expenditure over the next decade will probably be heavy enough to rule out mainstream tax liability anyway.

It need not follow that index-linked issues are about to become fashionable. Besides the water companies, the electricity companies will doubtless be coming to the debt market before long; and all the while, the prospect of a return to heavy gilt funding looms larger. In such a market, key lies in using variety to tickle the institutional palate. A zero-coupon water issue may well be along shortly.

Mitsui gets construction project in London

By John Brennan in London

MITSUI, Japan's biggest trading company, is shortly to announce a \$50m (\$154.8m) residential apartment scheme in the London Docklands, its first big property development project in Europe.

The move will be seen as a boost to medium-term recovery in the Docklands residential market.

Sales have been at a record low this summer and oversupply of unsold new flats has been made worse by the completion of schemes started 18 months to two years ago.

Mitsui has selected Docklands developer Jacobs Island Company as partner in the high-quality apartments complex, near Olympia & York's Canary Wharf office development on the Isle of Dogs.

Construction begins next year on a four-acre freehold site at Fergusson's Wharf, West Ferry Road. Completion of the apartments, for sale and rent, is planned for 1993.

Mr Mamoru Nakamura, general manager of Mitsui's real estate development department, has been steering the European property markets since 1987. He said Mitsui was considering property projects in Paris and in Spain, but for the time being he wanted to concentrate on the UK market.

Mitsui regarded London as the financial centre of Europe. Canary Wharf, when completed, would be attractive to the Japanese, he said.

Jacobs Island, with annual sales of £20m, is a 10-year-old minnow alongside the four centuries of commercial influence of Mitsui, with annual sales of £63bn. However, Mr Nakamura said: "Our choice of partner is important. There are no other people who interest us among the residential developers."

Mr Andrew Wadsworth, founder and chairman of Jacobs Island, first made contact with Mitsui in Tokyo, in November 1988. "The new commitment to this area by a company of such international standing justifies our own confidence in the resurgence of the London residential market as a whole, and in the success of Docklands in particular," he said.

West Germany told to suspend tax on trucks

By Tim Dickson in Brussels

WEST Germany was yesterday ordered by the European Court of Justice to suspend a controversial lorry tax due to come into effect on Sunday.

The decision, pending a fuller legal procedure next month, appears for the moment to have averted a clash between Brussels and Bonn over fundamental principles of EC road transport policy. There had been fears of retaliation by other member states.

German officials were said to be studying the order last night but it was thought unlikely the Federal Republic would defy the wishes of the president of the Luxembourg-based court.

The road tax was to have been levied on heavy goods vehicles with a permitted loaded weight in excess of 18 tons, and ranged from DM2,000 to DM9,000 (\$1,190 to

\$5,357) a year, depending on size.

The law was opposed by the European Commission on the grounds that it discriminated against non-German lorries and threatened progress to a common EC market in road transport.

Brussels started legal proceedings in the spring but these failed to have an impact and last week the Commission applied for so-called "interim measures," the EC equivalent of an injunction.

In view of the urgency of the matter, the Commission asked the court to use its powers under Article 84 of the Treaty of Rome to act before the Germans had a chance to put their side of the case.

The court said yesterday that "so far as urgency is concerned," the Commission had relied "in particular on the fact that unilateral introduction of

the proposed road tax would result in intolerable disruption of the equilibrium of the transport market, threatening the survival of a substantial number of small and medium-sized transport undertakings in other member states."

Brussels had highlighted the danger of retaliatory action - an argument which would appear justified in view of tit-for-tat threats muttered in Paris this week.

The court said: "The arguments put forward by the Commission do not, at first sight, appear unfounded," and it could not be ruled out that the urgency arguments would be established. It was necessary for the interests of good administration of justice that the status quo be maintained, pending decision on the full interim measures application.

CSCE gives pledge to democracy, rule of law

By Hilary Barnes in Copenhagen

THE 35 nations of the east-west Conference on Security and Co-operation in Europe (CSCE) yesterday agreed on a document pledging the rule of law, political pluralism, free elections by secret ballot and respect for the rights of national minorities.

All European nations except Albania, together with the US and Canada, participate in the CSCE, based on the 1975 Helsinki accord.

At a joint press conference given by the heads of the US, Soviet and Czechoslovak delegations, Mr Max Kampelman, head of the US delegation, called the result "a historic new consensus; the whole of Europe is committed to the path of democracy."

The Soviet delegate, Mr Yuri Reshetov, said the Copenhagen document was the starting point for a new constitution of Europe.

The next stage in the process is a summit conference in Paris in December, when it is hoped an agreement on military force reductions in Europe will be signed and the groundwork for a new European security order laid.

A new session of the human rights conference will be held in Moscow next year.

Progress in obtaining commitments to the rule of law and political pluralism was held up until last year by objections from the east European countries.

Now, however, as the Canadian delegate said, there are no longer two Europes: "a common democratic space is being created from Vancouver to Vladivostok."

The 35 states declared in the Copenhagen document that they recognised that pluralistic democracy and the rule of law are essential for ensuring respect for human rights and fundamental freedoms and that "development of societies based on pluralistic democracy and the rule of law are prerequisites for progress in setting up the lasting order of peace, security, justice and co-operation" in Europe.

The 19-page document spells out what is understood by pluralism and the rule of law. It includes regular and free elections, separation of political parties from the state, an independent judiciary, rights of free expression, organisation and assembly.

There was little difficulty among the delegations in reaching agreement about fundamental freedoms. It was, instead, a question of national minorities which proved the most contentious issue. Bulgaria and Greece both appended "interpretive statements" on the national minorities issue to the final document.

The document spells out the right of national minorities to use the mother tongue, to maintain their own educational and religious institutions, practise their religion, disseminate and exchange information, and establish organisations and associations.

Regulators of UK securities and futures markets to merge

By Deborah Hargreaves in London

TWO of the City of London's regulatory bodies yesterday took the first step towards consolidating the diffuse structure of supervision of UK financial markets when they announced their decision to merge by early next year.

The Securities Association and the Association of Futures Brokers and Dealers said they would be able to monitor London's trading markets better as a joint body and that a pooling of resources would lead to speedier identification of risks endangering the financial system.

The City has five self-regulatory organisations which were set up to monitor different market areas at the time of the 1986 Financial Services Act, which set up a new regulatory system to oversee UK markets. Banks, brokers and other participants in financial markets need membership of a self-regulatory organisation before setting business. The organisations are supervised by the Securities and Investments

Board, an umbrella body.

The AFB is expected to form a futures enclave within the much larger TSA, where it will bring futures business into the mainstream of securities regulation. Where the TSA supervises firms dealing in financial markets, the AFB also regulates commodities traders. The two bodies have about 40 firms which are common members and a further 60 which have separate subsidiaries reporting to them.

The merger, which requires approval by members, will provide significant cost savings for large firms which will no longer have to pay for both their subscriptions. Both bodies number many international firms among their members.

It will be welcomed by members as reducing the bureaucracy associated with the regulatory organisations. It is likely to put pressure on other regulatory bodies to unite or at least pool resources.

Critics of the system of multi-regulation say it is confusing and leads to inefficiencies.

However, when the system was set up, the SIB made clear its intention of keeping the number of regulatory bodies down and said it expected to see them merging as their business became more complex.

The Investment Managers Regulatory Organisation (Imro), for fund managers, sees the most obvious overlap in its business with TSA and the AFB.

The remaining two bodies - the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra) and the Life Assurance and Unit Trust Regulatory Organisation (Lautro) - have many common interests. Lautro members were forced to pay part of Fimbra's costs last year when its budget ran short.

The link-up of TSA and AFB comes as London's major financial futures and options markets - the London International Financial Futures Exchange and the London Traded Options Market - are expected to announce their own merger.

German rates warning

Continued from Page 1
The trade and current account surpluses of the extended D-Mark zone would be smaller than those of West Germany.

Mr Henderson said the rise in West Germany's public sector borrowing requirement would be "manageable." The OECD report said domestic demand would continue as the main dynamic force behind the continuing strong rise in West German economic activity.

Reviewing the world's two leading economies, the OECD said the US would fail to make much progress cutting inflation or its \$100bn annual current account deficit over the next 18 months. Healthy export

and steady investment demand should support gross national product growth of 2.3 per cent in 1990 and 2.5 per cent in 1991 while inflation is projected to stabilise around 4.5 per cent.

In Japan's case, the OECD forecast a narrowing in the current account surplus to \$48.5bn this year from \$57.2bn in 1989 with a bounce back to \$69.4bn next year. The OECD expects monetary policy to stay tight with interest rates rising slightly in the second half of this year. It said GNP growth would slow to 4.7 per cent in 1990 and 4.0 per cent in 1991 from 4.9 per cent last year. Unemployment would remain around 2.25 per cent.

WORLDWIDE WEATHER

	Ytd	Ytd	Ytd	Ytd	Ytd
	midday	midday	midday	midday	midday
Amsterdam	20	24	24	24	24
Antwerp	20	24	24	24	24
Brussels	20	24	24	24	24
Frankfurt	20	24	24	24	24
London	20	24	24	24	24
Paris	20	24	24	24	24
Rome	20	24	24	24	24
Madrid	20	24	24	24	24
Barcelona	20	24	24	24	24
Lisbon	20	24	24	24	24
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Cairo	20	24	24	24	24
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Cairo	20	24	24	24	24</

EGOLI

Consolidated Mining Corporation Limited
Group of companies

Egoli Consolidated Mines Limited
(Registration number 88/15717/06)
Incorporated in the Republic of South Africa

Directors: ND Lowenthal (Chairman), GJS Laing (Managing), HC Buitendij, RA Flowerday, RA Lee, RV Lowenthal, GB Rubenstein, M Schechter, BD Suddens, MW Thompson, CF Turner

*British/ **Zimbabwean

Profit announcement for the year ended 31 March 1990

INCOME STATEMENT (abridged)	Year ended 31 March 1990 R'000	Year ended 31 March 1989 R'000
Turnover	143 893	89 012
Income before taxation	19 508	3 303
Taxation	97	326
Income after taxation	19 411	2 977
Outside shareholders' interest	(11 766)	(1 434)
Net income before extraordinary items	7 645	1 543
Extraordinary items	10 181	(46 040)
Net income/ (deficit) attributable to ordinary shareholders	17 826	(44 497)
Transfer (to)/from non-distributable reserve	(5 895)	6 183
Dividend	11 931	(38 314)
Retained income/ (deficit) for the year	9 390	(38 314)
Earnings/ (deficit) per weighted share (cents)	42.1	(171.1)
Dividends per share (cents)	6.0	-
BALANCE SHEET (abridged)	31 March 1990 R'000	31 March 1989 R'000
Capital employed		
Shareholders' funds	99 067	51 602
Outside shareholders' interest in subsidiaries	124 718	37 243
Long-term liabilities	4 302	4 402
	228 087	93 247
Employment of capital		
Mining investments	231 225	93 654
Current assets	33 414	19 879
Current liabilities	(36 552)	(20 286)
	228 087	93 247
Number of shares in issue	42 348 010	26 000 000
Net asset value (per share)	R2.34	R1.98

Comments

The rationalisation of the gold producing interests of both Egoli and South East Rand Gold Holdings Limited (Southco), which resulted from their merger during September 1989 has led to improved results. Employment of capital has increased from R93-million to R231-million while net income before tax increased from R3.3-million to R19.5-million.

Declaration of Dividend No 16

Notice is hereby given that a dividend (Dividend No 16) of 6 cents per share, has been declared by the board of Egoli Consolidated Mines Limited for the year ended 31 March 1990. The dividend will be payable to shareholders registered in the books of the company at the close of business on 27 July 1990, and the dividend warrants will be posted on or about 24 August 1990.

Non-resident shareholders' tax will be deducted at the rate of 15 per cent from dividends payable to members whose addresses in the register of members are outside the Republic of South Africa.

By order of the board

Mining and Industrial Management and Investment Corporation Limited
Secretary

29 June 1990

Registered Office: 39th floor, Carlton Centre, Commissioner Street, Johannesburg, 2001
P O Box 11165, Johannesburg, 2000

Transfer Secretaries: Udder Registrars Limited, 8th floor, 94 President St., Johannesburg, 2001
P O Box 1053, Johannesburg, 2000

London Branch Registrar: Barclays Registrars Limited, 6 Greencoat Place, London SW1P1PL, England

Isolmer

US\$100,000,000
Floating rate participation certificates due 1992

Issued by Morgan Guaranty GmbH for the purpose of making a loan to

Istituto per lo Sviluppo Economico dell'Italia Meridionale
(a statutory body of the Republic of Italy incorporated under Law No. 288 of April 11, 1953)

In accordance with the terms and conditions of the Certificates, the rate of interest for the Interest Determination Period 29th June, 1990 to 31st July, 1990 has been fixed at 8.75% interest accrued for the above period and payable on 31st July, 1990 will amount to US\$75.00 per US\$100,000 Certificate. Total interest payable value 31st July, 1990 will amount to US\$431.18 per US\$100,000 Certificate.

Agent: Morgan Guaranty Trust Company

JPMorgan

Wells Fargo & Company

US\$150,000,000
Floating rate subordinated notes due 1992

In accordance with the provisions of the notes, notice is hereby given that for the interest period 29 June, 1990 to 31 July, 1990 the Notes will carry an interest rate of 8.475% per annum. Interest payable on the relevant interest payment date 31 July, 1990 will amount to US\$75.33 per US\$100,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

ConAgra profits rise sharply to \$73.5m

By Roderick Oram
in New York

CONAGRA, the diversified agricultural and food group, has reported sharply higher profits in line with forecasts it agreed to pay \$1.34bn for Beatrice, a producer with some leading packaged food brands.

Net profits for the fourth quarter to May 27 were \$73.5m or 59 cents a share, up 12.5 per cent from \$65.4m or 53 cents a year earlier. Sales rose 35 per cent to \$4.01bn from \$2.97bn.

For the full fiscal year, net profits of the Omaha-based company rose 17 per cent to \$281.7m or \$1.87, from \$197.9m or \$1.63. Sales grew by 37 per cent to \$15.5bn.

An important source of higher sales in the quarter and year was Sipeco, formerly called Swift Independent Packing Company. In the previous fiscal year ConAgra reported no Sipeco sales because it had only a 50 per cent stake in the meat packing company. It took full control at the beginning of fiscal 1990.

It was the 10th year in a row of record earnings. The company achieved a 24.3 per cent return on common equity, above its target of 20 per cent. It expects higher profits this year and another return above 20 per cent, thanks in part to the contribution of the Beatrice businesses.

General Mills lifts earnings 19% to \$374m

By Martin Dickson
in New York

GENERAL MILLS, the US food group which has radically restructured itself over the past few years, has increased 1990 net earnings by 19 per cent.

The company, with products that include some of the biggest selling breakfast cereals in the US as well as the Betty Crocker food mix brand, produced net earnings of \$374.7m compared with \$315.3m in 1989, on sales up 16 per cent at \$6.45bn.

Earnings per share from continuing operations were \$4.55 against \$3.85.

Mr Bruce Atwater, chairman, said he expected fiscal 1991 to be another strong year, with record sales, earnings and earnings per share.

In the year to May 27, the consumer foods division, which accounts for some 70 per cent of group sales, produced an 18 per cent increase in operating profits to \$533.2m.

The restaurant business produced a 21 per cent rise in operating profits to \$154.2m on sales up 19 per cent at \$1.93bn.

New chairman at Minorco unit

By Kenneth Gooding,
Mining Correspondent

MINORCO, the South African-controlled, Luxembourg-quoted investment group, has appointed Mr Robert Zerga, 49, as chairman and chief executive of its Independence Mining subsidiary in the US.

Independence is the renamed Freeport McMoRan Gold company which Minorco bought for about US\$690m last March.

During Minorco's unsuccessful battle for Consolidated Gold Fields of the UK, Mr Zerga was executive vice president and general manager of Newmont Gold, the Nevada associate of Gold Fields whose implacable opposition helped beat off the bid. He held that post from 1985 to 1989.

Since August last year he has been executive vice president and chief operating officer of Meridian Minerals, a subsidiary of Burlington Resources.

INTERNATIONAL COMPANIES AND FINANCE

Defence in the face of disarmament

Paul Betts looks at Deutsche Aerospace's plans for diversification

DEUTSCHE Aerospace - the West German aircraft, defence, space, diesel and aero-engine group set up by Daimler-Benz barely a year ago - is accelerating its search for new businesses and international partnerships to reduce its dependence on its declining defence operations.

Although the company has been negotiating equity exchanges with several international groups, including Pratt & Whitney in the US and Matra of France, it denied it was in any serious talks over an equity swap with British Aerospace.

Bae shares rose sharply at one stage yesterday on stock market speculation that Daimler-Benz was planning to acquire a 6 per cent stake in the UK group, ultimately lifting this shareholding to 20 per cent. However, Mr Jürgen Schrempf, the Deutsche Aerospace chairman, said there were no current talks with Bae over a Daimler stake in the UK company.

He did confirm, however, that the group was in talks with Bae the possibility of establishing a new European aircraft partnership to manufacture turbo-propeller commuter aircraft and 80-100 seater passenger jets for regional markets. The talks with Bae are part of a series of simultaneous moves by Deutsche Aerospace on its main business fronts.

Mr Schrempf said the German group was now considering entering the private telecommunications business, and was multiplying its initiatives in eastern Europe and the Soviet Union as part of its global diversification strategy.

"Independently of the disarmament process, we would have to develop new areas of business to reduce our dependence on defence, which accounts for about 47 per cent of our business," the former Daimler-Benz commercial vehicles executive said. But the group's policy implications in Germany of the disarmament process are putting extra pressure on Daimler-Benz's efforts to restructure and reorganise the West German aerospace industry.

The group's first consolidated annual report approved by the company's management board yesterday reveals a net group loss of DM139m (\$83.3m), although all the main subsidiaries including aircraft maker

Dornier, engine manufacturer Motoren-und Turbinen-Union (MTU), the Telefunken Systemtechnik (TST) defence and electronics arm, and the Messerschmitt-Bölkow-Blohm (MBB) aerospace company, operated profitably.

"This was a special year," said Mr Schrempf. The 1989 figures do not include MBB, which was absorbed by Deutsche Aerospace only at the end of last year. Nor does it include the Deutsche Airbus division,

future risks over the group's involvement in defence projects such as the European Fighter Aircraft programme.

However, Daimler-Benz remains firmly committed to its new role as leader of the West German aerospace industry. Although other big car manufacturers such as Ford or Chrysler have become disillusioned with aerospace and are shedding their interests in this sector, Mr Schrempf said the West German company

and Aerospatiale of France to form a joint helicopter company called Eurocopter. The deal is expected to be finalised before the end of this year and the partnership, he said, was open to other European companies such as Agusta of Italy or Westland of the UK.

On Airbus, Deutsche Aerospace has until 1996 to acquire the remaining 20 per cent of Deutsche Airbus still in West German government hands. Mr Schrempf said he remained committed to Airbus and was hopeful of progress soon in the efforts to give the European consortium a more entrepreneurial structure.

Apart from the recent agreement between MTU and Pratt & Whitney and the discussions over possible co-operation in different aerospace sectors with Mitsubishi of Japan, Deutsche Aerospace has continued to intensify its contacts in eastern Europe. It recently signed a memorandum of understanding with the Soviet Union to study the development of engines for regional jet aircraft. Mr Schrempf is due to visit the Soviet Union with Mr Edzard Reuter, the Daimler-Benz chairman, in the autumn.

Mr Schrempf said he was pleased with the disarmament process, but conceded it would have a negative impact on the group's defence business. For this reason, he was looking at new business areas, including energy and integrated traffic control systems, as well as moving the company into private telecommunications services. "We are in the satellite business and we are investigating getting in the telecom business as an operator of private communications systems," he said.

Deutsche Aerospace expects its defence-related activities to account eventually for about 25 per cent of group turnover. This will inevitably imply a painful conversion process of military activities to new civil operations. Mr Schrempf does not like the word conversion. "It implies converting a military factory into a toaster manufacturing plant. That is not possible," he said. He prefers to talk about "substitution".

He says, however, that this substitution process needs the support of government. "We can supply commercially viable concepts but the politicians should also give us assistance to soften the impact," he said.

Deutsche Aerospace

● Aircraft Subsidiaries MBB and Dornier produce military and commercial aircraft and helicopters 1989 turnover: DM 3.65bn Employees: 16,790	● Space systems MBB and Dornier produce satellites and utility systems, orbital infrastructures and space transportation and propulsion systems 1989 turnover: DM 1.86bn Employees: 5,080
● Propulsion systems MTU subsidiary makes jet and diesel engines 1989 turnover: DM 3.7bn Employees: 17,600	● Defence systems Telefunken Systemtechnik subsidiary produces radar, radio, reconnaissance and command systems. MBB and Dornier also produce defence and protection systems 1989 turnover: DM 3.35bn Employees: 15,170

which has not yet been consolidated in the group.

The combined operating profits of Dornier, MTU and TST produced an operating profit of a little over DM200m for the group last year. Their combined sales rose 7 per cent to DM7.8bn.

MBB is expected to report its 1989 results early next month showing both operating and net profits. If MBB and Deutsche Aerospace, which is responsible for the group's activities in the European aircraft manufacturing consortium, are included, Deutsche Aerospace sales would be about DM15bn.

Mr Schrempf said the net group loss for 1989 was the result of a number of exceptional factors, including the costs of establishing the new European regional aircraft consortium, the development costs of the new Dornier 328 turbo-propeller aircraft; the acquisition of AEG defence electronics business; and, perhaps most significantly, the decision to make provisions for

believed aerospace was a growth industry. "Over time you will not see the same growth rates in the car sector as in the past," he said, but added: "Automotive will always be our core business."

The group's ambition was to bring the German aerospace industry on the level of an equal partner rather than a "junior partner" as had been the case in the recent past. But Mr Schrempf emphasised, "we don't aim to dominate the scene in Europe."

Outlining the main thrusts of the group's strategy, he said the company wanted to establish a European venture with other partners like Bae to develop and manufacture regional aircraft. He claimed that a restructuring of the European regional aircraft industry was necessary in the longer term.

In the helicopter sector, the restructuring had already begun with the agreement between Deutsche Aerospace

BCE to sell most of its Envor shares

BCE, the big holding company controlling Bell Canada and Northern Telecom, is selling most of its shares in Envor, a Calgary oil and gas company, through a secondary offering in Canada and the US, writes Robert Gibbons in Montreal.

The move is part of BCE's efforts to concentrate on its core telecommunications businesses. BCE faces severe problems: its property arm, BCE Development, required a \$440m write-down, and it has loans to the Kinburn high technology group which total nearly \$945m (US\$595m).

Envor was spun off from TransCanada Pipelines, another BCE subsidiary, early last year. It posted a C\$48m loss for 1989 and carries long-term debt of about C\$580m.

BCE is offering some 14.8m Envor units at C\$7 each. The units comprise three Envor common shares plus two warrants. Each warrant entitles the purchaser to buy one Envor share at C\$2.65 until January 1992.

The secondary issue will reduce BCE's holding in Envor to 20 per cent and to almost nil by 1992 if all the warrants are exercised.

BCE will use the proceeds to reduce its debt.

Residential Property Securities No.2 PLC

£200,000,000

Mortgage Backed Floating Rate Notes 2018

Notice of Partial Redemption

S.G. Warburg & Co. Ltd. announce that Notes for the nominal amount of £14,300,000 have been drawn for redemption on 30th July, 1990, in accordance with Clause 5(b) of the Terms and Conditions of the Notes.

The distinctive numbers of the Notes drawn, are as follows:-

7	21	35	49	63	77	91	105	119	133	147	161	175
189	203	217	231	245	259	273	287	301	315	329	343	357
370	384	398	412	426	440	454	468	482	496	510	524	538
552	566	580	594	608	622	636	650	664	678	692	706	720
734	748	762	776	790	804	818	832	846	860	874	888	902
916	930	944	958	972	986	1000	1014	1028	1042	1056	1070	1084
1098	1112	1126	1140	1154	1168	1182	1196	1210	1224	1238	1252	1266
1280	1294	1308	1322	1336	1350	1364	1378	1392	1406	1420	1434	1448
1461	1475	1489	1503	1517	1531	1545	1559	1573	1587	1601	1615	1629
1643	1657	1671	1685	1699	1713	1727	1741	1755	1769	1783	1797	1811
1825	1839	1853	1867	1881	1895	1909	1923	1937	1951	1965	1979	1993

On 30th July, 1990 there will become due and payable upon presentation of each Note drawn for redemption, the principal amount thereof, together with accrued interest to said date, at the office of:-

S.G. Warburg & Co. Ltd.

2 Finsbury Avenue, London EC2M 2PA

or one of the other paying agents named on the Notes.

Interest will cease to accrue on the Notes called for redemption on and after 30th July, 1990 and Notes so presented for payment should have attached all Coupons maturing after that date.

£185,700,000 nominal amount of Notes will remain outstanding after 30th July, 1990.

29th June, 1990

NOTICE OF REDEMPTION

To the Holders of
MetLife Funding, Inc.
9% Notes Due 1992

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 4(a) of the above-mentioned Notes (the "Notes") and in conformity with the Plan Agency Agreement dated as of July 30, 1989 between MetLife Funding, Inc. and The Chase Manhattan Bank, National Association, as Agent, the Notes will be redeemed on July 30, 1990 (the "Redemption Date") at the price of 101% of their principal amount plus accrued interest to the Redemption Date. Coupons which mature on or prior to the Redemption Date should be detached and surrendered for payment in the usual manner. Interest on registered Notes will be paid in the usual manner. Interest on Notes that come to focus from and after the Redemption Date, however, will be paid in the usual manner. The Notes, together with the coupons, will be redeemed upon presentation and surrender of the Notes, together with the coupons, to any of the following paying agencies:

The Chase Manhattan Bank, N.A. P.O. Box 440 The Chase Building London EC2P 2HG, England	Chase Manhattan Bank (Switzerland) Postfach 24 8002 Zurich, Switzerland	Chase Manhattan Bank (Luxembourg) S.A. 1 Rue Pictet L-2528 Luxembourg - Grand Duché de Luxembourg Berliner Handelsbank AG Postfach 10 D-1000 Berlin, West Germany
Bankers Trust Company 100 Wall Street New York, New York 10038	MetLife Insurance Co. 100 Wall Street New York, New York 10038	MetLife Insurance Co. 100 Wall Street New York, New York 10038

Payment pursuant to the presentation of the Notes for redemption made by transfer to a United States dollar account maintained by the payee with a bank in the United States, may be subject to reporting to the United States Internal Revenue Service (IRS) and to withholding of 20% of the gross proceeds (including interest). If the payee is a non-U.S. person, the payee will be required to provide a Form W-9 in the case of a non-U.S. person or an assigned IRS Form W-9 in the case of a U.S. person. Those holders who are not U.S. persons and who are not required to provide a Form W-9 should not so do so may also be subject to an 8% penalty of U.S. 300. Accordingly, please provide an appropriate certification when presenting the Notes for payment.

METLIFE FUNDING, INC.
By: THE CHASE MANHATTAN BANK
(National Association),
as Paying Agent

Dated: June 29, 1990

GROUP FINANCIAL RESULTS (UNAUDITED IAS)

ENSO-GUTZIT OY

FIM million	1.1.90.4 1990	1.1.90.4 1989	1.1.90.12 1988
Net sales	3378	3323	10790
Profit before taxes, minority interests and extraordinary items	165	501	950
Taxes on income	(39)	(94)	(57)
Minority interests	(2)	(2)	(21)
Profit before extraordinary items	124	465	872
Extraordinary items	379	0	0
Profit	503	465	872
Earnings per share, FIM	0.87	3.54	6.31

Copies of the full text of the Interim Review are available in the UK on request from: Kersley Gots Securities Ltd., Corporate Finance, Kersley House, 80 Bishopsgate, London EC2N 4AU

CFX

Credit for Exports PLC
(Incorporated in England with limited liability)

U.S. \$155,000,000

Unsecured Floating Rate Notes due 1985 to 1992

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 2 July 1990 to 2 January 1991 has been established at 8.5625 percent per annum. The interest payment date will be 2 January 1991. Payment, which will amount to US\$437.64 per Note, will be made against the relative coupon.

Agent Bank

Morgan Grenfell & Co. Limited

Italex

Italex Limited
(Incorporated in the Cayman Islands with limited liability)

U.S. \$230,000,000

Unsecured Floating Rate Notes due 1989 to 1992

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 2 July 1990 to 2 January 1991 has been established at 8.5625 percent per annum. The interest payment date will be 2 January 1991. Payment, which will amount to US\$10,940.97 per Note, will be made against the relative coupon.

Agent Bank

Morgan Grenfell & Co. Limited

INTERNATIONAL COMPANIES AND FINANCE

Magnet changes terms as it misses interest payment

By Maggie Urry

MAGNET Group, the heavily-indebted holding company for the kitchen, bedroom and bathroom retailer, yesterday announced details of changes to its financing terms, needed because it could not meet an interest payment due tomorrow. It also appointed four new directors.

A £629m (\$1.1bn) management buy-out took Magnet private last summer, but afterwards it could not satisfy the conditions of the borrowings used to finance the buy-out. It completed a refinancing in February, when debt totalled £536.8m.

However, the refinancing assumed the completion of £115m in sales and leasebacks of properties, but completion of some of these sales has been

delayed or abandoned, which has resulted in a cash shortfall of £60m.

The group's banks are now allowing Magnet to roll up the next two interest payments due on the senior debt into the principal. Magnet will only make capital repayments and pay interest due in September and December of this year and March of next year, as long as the payments leave the trading companies with £30m in cash. Magnet's trading operations are separate from, and have not guaranteed the debt of, the holding company, which prevents the banks from forcing asset sales to meet debt repayments. Magnet said yesterday that its banks were being "very supportive".

The four new directors

include Mr Louis Sherwood, who has been made non-executive chairman. His background is in grocery retailing in the US, and he was briefly chairman and chief executive of Gateway Foodmarkets, the UK supermarket group.

Mr Wim Kok, who spent 35 years with Unilever, is to become finance director.

Mr Derek Dean, managing director of Magnet's consumer division, joins the board as an executive director, and Mr David Fleming, formerly finance director of Hillards, the grocery group, taken over by Tesco in 1987, becomes a non-executive director.

Magnet said it could not comment on trading as its results were due out next month.

Nearly half of Spanish gas utility to be floated

By Peter Bruce in Madrid

UP TO 49 per cent of the assets of a big new gas utility being formed in Spain by the state-owned Repsol energy group and La Caixa, the country's biggest savings bank, will be floated on the stock exchange, senior Repsol officials said yesterday.

Officials close to the negotiations said the new holding company would be prepared to buy up an increasingly controversial British Gas stake in the country's biggest gas group, Catalana de Gas, to allow the British to leave the sector.

Repsol and La Caixa announced on Wednesday that they had agreed to form a holding company to group their gas assets. Repsol, 87 per cent of Gas Madrid and nearly 40 per cent of Catalana de Gas - which have a stock market capitalisation of more than Pta160bn (\$1.56bn). The officials said the holding company would then float off another company containing the assets but retain at least 51 per cent of its shares.

To limit its industrial risk, La Caixa initially wanted to use a water utility, Aguas de Barcelona, in which it has a stake, as its contribution to the new holding company, but the Government was unhappy with that because Lyonnaisse des Eaux de France has 25 per cent of Aguas.

In much the same way, Repsol's desire to copy the structure of gas utilities elsewhere in Europe and keep the about-to-be-grouped assets mainly national is putting pressure on the 8.5 per cent stake bought in Catalana last year by British Gas.

Officials close to the creation of the holding company said yesterday it would be prepared to buy out British Gas but would not make a formal offer. Government officials claim that British Gas did not consult the authorities about its entry into Catalana, Spain's biggest gas utility, and has not discussed strategy with Madrid.

Flotation of up to 49 per cent of the new holding company's assets is likely to keep foreign participation to a minimum.

Plans for expansion face defeat

Groupe Bruxelles Lambert is spring cleaning, writes Lucy Kellaway

There is no point owning a big stake in a company if you do not have any control over it. This was the lesson painfully learned by Groupe Bruxelles Lambert earlier this year, when it wrote off its entire BFR3.2bn (\$33.7m) holding in the bankrupt US securities house, Drexel Burnham Lambert.

The message has sunk home in GBL's Brussels headquarters, and as a result, a spring clean of the portfolio of one of Belgium's biggest and most secretive holding companies has begun.

Over the past two months there has been a series of deals designed to simplify and slim down GBL. Last week it put up for sale its stake in Henry Ansbacher, the British merchant bank, and yesterday announced that it had sold its 27 per cent holding in Wagons-Lits, the Belgian travel company.

Not only is GBL unloading its minority holdings, it is also beginning to simplify its relations with Pargesa, the Swiss holding company which owns more than 30 per cent of GBL, and with Paribas, the French bank.

The two moves are a reversal of the company's earlier strategy which saw the two great architects of the group, Mr Albert Frere, the Belgian steel boss, and Mr Gerard



Albert Frere: ambitious plans came to nothing

Eskenzi, the ex-Paribas executive who now runs Pargesa, embarking on an orgy of deals. Together they built a structure of awesome complexity with interests scattered from finance through energy to leisure, with every company tied through a series of cross-holdings to give the impression of a great hall of mirrors.

The new policy would seem to be an admission of defeat. The decision to sell Henry Ansbacher shows how that ambitious plan to build an international merchant banking network through a series of minority holdings around the globe came to nothing. This was a central part of the original

plan; the supposed synergies never materialised.

Meanwhile the Wagons-Lits holding, which was built up over almost 20 years, was latterly doing nothing for GBL. It was not being consolidated in group results and was earning a return on assets of less than 2 per cent. Nor were there any commercial benefits of the stake, as frequent suggestions by GBL of possible deals were all turned down flat by the Wagons-Lits management.

There is little doubt that the sale - which raised more than BFR10bn for GBL and its associate Royal Belge, the insurance company - was a good one for GBL's shareholders. The same cannot be said for Wagons-Lits' shareholders. Thanks to the free-wheeling way in which these things work in Belgium, GBL was able to pass on the stake to its friends at Société Générale de Belgique, which paid a whopping premium (some say of 20 to 30 per cent) price without making a general offer to shareholders.

Under Belgian rules a public offer only has to be made if control is being transferred, and despite the fact that the transaction will result in a wholesale change on the board of Wagons-Lits, the Belgian banking committee seems to have seen no problem. The deal now leaves GBL

with a great deal of money and a question mark over its ambitions. At its last balance sheet date it had liquid funds of about BFR4bn, but with much more in real resources. As most of its holdings are not fully consolidated, its real cash position is impossible to assess. However, Royal Belge has cash coming out of its ears; the two together could do something really big.

For the moment the idea seems to be to increase GBL's holding in Petrofina, the Belgian oil company of which Mr Frere became chairman in the spring. Petrofina now owns some 20 per cent of the company, and would like to take the holding up to 25 per cent, which would cost about BFR12bn.

There have also been mutterings about further expansion in Europe, again with the proviso that GBL would need to have some control over any future investment.

Exactly what value GBL can add through these big stakes is doubtful, but its shareholders are waiting anxiously for action and still giving the company the benefit of the doubt. The shares trade at just a fraction below their asset value of about BFR4,100 a share, implying that the market still believes in the concept of the holding company.

Hoesch takes 38.5% stake in French group

HOESCH, the West German engineering and steel group, has acquired a 38.5 per cent stake in Defontaine of France and plans to make a public offer for the rest of the company, Reuter reports.

Hoesch said Defontaine had yearly sales of about DM130m (\$78m) and a workforce of 760. It has subsidiaries in Italy, the UK, Spain, Tunisia and the US.

Defontaine produces components for the motor, aerospace and food industries. Any takeover must be approved by the West German Federal Cartel Office. Hoesch declined to give financial details of its purchase.

However, the deal was not hostile, a Hoesch official said. The remaining shares in Defontaine are widely held.

Holderbank, the Swiss cement group, is to buy United Cement of Texas Industries for \$51m. United Cement's Mississippi factory has an annual capacity of nearly 500,000 tonnes.

Holderbank said the move was intended to strengthen its position in the US. It now owns 18 cement factories with an annual capacity of about 14m tonnes.

Co op sells Berlin stores to E Germans

By Andrew Fisher in Frankfurt

CO OP, the ailing West German retail concern which is struggling to stem heavy losses, has agreed to sell its 120 supermarkets in West Berlin to an East German co-operative in a deal which marks the first sizeable investment by an East German company in West Germany.

The stores to be acquired by VdK, the East German association of consumer co-operatives, have a turnover of DM700m (\$415m). Included in the deal, to be signed next week at a price of nearly DM350m, will be the administration, stocks and transport operations of the West Berlin outlets.

The sale is the first step in Co op's new strategy of leaving itself with a viable block of profitable units. The company said yesterday it would reduce its operations to about 850 food stores in the western part of the country down to the Rhine-Meuse area around Frankfurt. These would have a turnover of some DM400m and a cost structure which would allow a net return of 1 per cent.

Co op's present turnover is around DM11bn from some

1,900 stores. It employs 46,000 people at its supermarkets, do-it-yourself and other outlets. Its operating loss totalled about DM350m last year, down from DM370m in 1988. For this year, it has forecast losses of some DM150m.

After the sale of its Berlin stores to VdK, however, and the eventual conclusion of negotiations with such concerns as Rewe, which wants to acquire the 420 Co op stores in the Munich and Stuttgart areas, the company will be less than half its original size.

It was this decision to shrink the group that prompted the resignation last month of Mr Hans Friderichs, the former Economics Minister and Dresdner Bank chief executive, as Co op's supervisory board chairman.

Rewe has made its offer to Deutsche Genossenschaftsbank which, with the Bank für Gemeinwirtschaft, holds the largest block of shares in Co op. They were left with their stakes when four foreign banks declined to take up their rights in a capital increase as part of Co op's financial restructuring.

GAN set to complete FF2.44bn issue

By George Graham in Paris

GROUPE des Assurances Nationales (GAN), the French state-owned insurance group, was last night expected to complete its FF2.44bn (\$436m) rights issue.

Paribas, the investment bank which led the international tranche of the offering, said the issue had been about five times oversubscribed on the international market and twice oversubscribed in France.

The issue has shrugged off poor stock market conditions and an ominous precedent: a FF10.5bn capital increase in March by Union des Assurances de Paris (UAP), the largest French state insurer, met little domestic demand, and its international tranche had to be increased to complete the operation.

Mr Francois Heilbronner, GAN's chairman, explains that the funds raised by the issue will allow the company to strengthen its financial resources and give it the means to achieve its acquisition projects. GAN has already built up its European presence, in Italy through its link with

unusual condition for France although common in the international market. This helped to prevent a decline in the grey market share price - standing yesterday at about FF2,170 compared with the offer price of FF2,150. A decline happened with the UAP offering as banks sold off their allocations inside fees.

The FF2,700m international tranche has benefited from a subscription estimated at FF2,300m by Yasuda, the Japanese insurance group which is one of GAN's partners. Paris bankers thought it unlikely that SAI, the Italian insurance company of which GAN owns 10 per cent and which already has a stake in GAN International, would immediately follow suit.

Mr Francois Heilbronner, GAN's chairman, explains that the funds raised by the issue will allow the company to strengthen its financial resources and give it the means to achieve its acquisition projects. GAN has already built up its European presence, in Italy through its link with

SAI and in the UK through Minster in accident insurance, and through its recent acquisition of the life company General Portfolio.

"Between Great Britain and Italy there remains Germany. There is no reason why it should remain closed for ever. We have discussions with some companies, but they do not have the same sense of urgency as us about the European single market," Mr Heilbronner said.

On the domestic market, Mr Heilbronner said GAN's great strength was its control of its different exclusive distribution networks: its 1,500 tied agents, its commission-earning employees and direct sales force, and now the 1,300 branches of the CIC banking group, of which it took control from the state last year.

"I believe profoundly in exclusive networks; it is essential for an insurance company to control the downstream," he said. GAN made net profits last year of FF2.47bn, with FF1.8bn from insurance.

This announcement appears as a matter of record only

autostrade

Concessioni e Costruzioni Autostrade S.p.A.

NECU 180,000,000
Term Loan Facility

Guaranteed by

ITALSTAT

Società Italiana per le
Infrastrutture e l'Assetto del Territorio S.p.A.

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National Westminster Bank PLC

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COFIRI SpA

The Royal Bank of Canada Group

The Sumitomo Bank, Limited

Co-Lead Managed by

Banco di Roma, London Branch

Italstat International S.A.

Managed by

National Bank of Abu Dhabi

Bank Leu Ltd., Luxembourg Branch

Participant

Société Nancéenne Varin-Bernier
Groupe CIC

Lending Bank

Facility Agent

The Mitsubishi Bank, Ltd.

Credito Italiano, London Branch

June 1990

This announcement appears as a matter of record only

June, 1990



The Procter & Gamble Company

Lit. 125,000,000,000
13 per cent. Notes due 1993

Issue Price 101.80 per cent.

Istituto Bancario San Paolo di Torino

Banca Commerciale Italiana

Banca Euromobiliare

Banca Nazionale del Lavoro

Banco di Napoli

Banco di Roma

Credito Italiano

Italian International Bank plc
(Monte dei Paschi di Siena Banking Group)Swiss Bank Corporation
Investment Banking

UBS Phillips & Drew Securities Limited

Amsterdam-Rotterdam Bank N.V.

Banca d'America e d'Italia

Bank Brussels Lambert N.V.

Banque Générale du Luxembourg S.A.

Cassa di Risparmio delle Provincie Lombarde

Compagnie Monégasque de Banque

Crédit Commercial de France

Crédit Lyonnais

Credit Suisse First Boston Limited

Generale Bank

I.M.I. Bank (Lux) S.A.

Kredietbank International Group

Mitsubishi Finance International plc

Nomura International

SANDP1010

U.S. \$250,000,000



Crédit Lyonnais

Subordinated Floating
Rate Notes Due December 1999

Interest Rate	8 1/2% per annum
Interest Period	29th June 1990 31st December 1990
Interest Amount per U.S. \$10,000 Note due 31st December 1990	U.S. \$440.02

Credit Suisse First Boston Limited
Reference Agent

U.S. \$75,000,000

Girozentrale und Bank
der österreichischen Sparkassen
AktiengesellschaftFloating Rate
Subordinated Notes Due 1991

Interest Rate	8 1/2% per annum
Interest Period	29th June 1990 28th September 1990
Interest Amount per U.S. \$1,000 Note due 28th September 1990	U.S. \$21.80

Credit Suisse First Boston Limited
Agent BankU.S. \$200,000,000
CONTINENTAL ILLINOIS OVERSEAS FINANCE
CORPORATION N.V.(Incorporated with limited liability in the Netherlands Antilles)
GUARANTEED FLOATING RATE SUBORDINATED
NOTES DUE 1994
Guaranteed on a Subordinated basis byContinental Illinois Corporation
(Incorporated with limited liability in Delaware, USA)

In accordance with the provisions of the Notes and the Reference Agency Agreement between Continental Illinois Overseas Finance Corporation N.V. and Citibank N.A., dated June 24, 1989, notice is hereby given that the Rate of Interest has been fixed at 8.5625% p.a. and that the interest payable on the relevant Interest Payment Date September 28, 1990 against Coupon No. 33 will be U.S. \$216.44 in respect of U.S. \$10,000 nominal amount of the Notes.

June 29, 1990, London
By: Citibank N.A. (CSSI Dept.), Agent Bank

CITIBANK

BANQUE WORMS
SOCIALIST REPUBLIC OF VIETNAM

BANQUE WORMS signed on 15th June 1990 a 200 000 MT rice export prefinancing agreement with FOOD COMPANY - Ho Chi Minh City and VIETCOMBANK.

This transaction handled by FOOD COMPANY on behalf of the Vietnamese government was reported by a communiqué to the Vietnamese Socialist Republic National Assembly.



The Republic of Italy

US \$300,000,000
Floating Rate Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that the Interest Amounts payable on the next Interest Payment Date 31st July, 1990 will be US\$ 437.47 for each US\$ 10,000 Note and US\$ 10,936.63 for each US\$ 250,000 Note.

Agent Bank
Bank of America International Limited

29th June, 1990.

A/S JYSKE

US\$ 40,000,000 Floating Rate Notes due 1994

In our capacity as reference agent for the above mentioned issue we are pleased to inform you of the following:

- average of the six months eurodollar rate 8 1/2%
Therefore the rate applicable for the third interest determination period is 8 1/2% and the amount of interest for the relevant period ending July 31, 1990.
- for bonds in denominations of US\$ 10,000 US\$ 75
- for bonds in denominations of US\$ 250,000 US\$ 1,875

U.S. \$400,000,000

BankAmerica Corporation

Floating Rate Subordinated Capital Notes Due 1996
originally issued by
BankAmerica Overseas Finance Corporation N.V.

Interest Rate	8 1/2% per annum
Interest Payment Date	29th September 1990
Interest Amount per U.S. \$50,000 Note	U.S. \$1,074.31

Credit Suisse First Boston Limited
Agent Bank

CITICORP

U.S. \$350,000,000

Subordinated Floating Rate Notes Due November 27, 2035
Notice is hereby given that the Rate of Interest has been fixed at 8.475% in respect of the Original Notes and 8.5625% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date July 31, 1990 against Coupon No. 57 in respect of US\$10,000 nominal of the Notes will be US\$575.33 in respect of the Original Notes and US\$76.11 in respect of the Enhancement Notes.

June 29, 1990, London
By: Citibank N.A. (CSSI Dept.), Agent Bank

CITIBANK

CITICORP

U.S. \$500,000,000

Subordinated Floating Rate Notes
Due October 25, 2005
Notice is hereby given that the Rate of Interest has been fixed at 8.475% and that the interest payable on the relevant Interest Payment Date July 31, 1990 against Coupon No. 57 in respect of US\$10,000 nominal of the Notes will be US\$575.33.June 29, 1990, London
By: Citibank N.A. (CSSI Dept.), Agent Bank

CITIBANK



TSB GROUP PLC

(Incorporated in Scotland with limited liability, registered number 55800)
£100,000,000 Perpetual Floating Rate Notes
Notice is hereby given that the Rate of Interest has been fixed at 15.125% and that the interest payable on the relevant Interest Payment Date September 28, 1990 against Coupon No. 2 in respect of £10,000 nominal of the Notes will be £386.75.

June 29, 1990, London
By: Citibank N.A. (CSSI Dept.), Agent Bank

CITIBANK



U.S. \$100,000,000

Floating Rate Subordinated Capital Notes Due 1997
Notice is hereby given that the Rate of Interest has been fixed at 8.5% and that the interest payable in respect of U.S. \$10,000 principal amount of Notes for the period June 29, 1990 to September 28, 1990 will be US\$214.86.June 29, 1990, London
By: Citibank N.A. (CSSI Dept.), Agent Bank

CITIBANK

U.S. \$150,000,000 Floating Rate Participation Notes Due 1993

issued by Primabond GmbH for the purpose of making a loan to

CONSORZIO DI CREDITO PER LE OPERE PUBBLICHE ROME
Notice is hereby given that the interest payable on the relevant interest Payment Date, July 31, 1990, for the period January 31, 1990 to July 31, 1990, against Coupon No. 10 in respect of U.S. \$10,000 nominal of the Notes will be U.S. \$628.03 and in respect of U.S. \$250,000 nominal of the Notes will be U.S. \$10,700.95.

June 29, 1990, London
By: Citibank N.A. (CSSI Dept.), Agent Bank

CITIBANK

U.S. \$100,000,000
African Development Bank

Subordinated Floating Rate Notes due 1996

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from June 29, 1990 to December 31, 1990 the Notes will carry an Interest Rate of 8 1/2% per annum for 185 days. The amount payable per U.S. \$10,000 nominal amount will be U.S. \$440.02.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

June 29, 1990

CHASE

U.S. \$150,000,000 Floating Rate Participation Notes Due 1993

issued by Primabond GmbH for the purpose of making a loan to

CONSORZIO DI CREDITO PER LE OPERE PUBBLICHE ROME
Notice is hereby given that the interest payable on the relevant interest Payment Date, July 31, 1990, for the period January 31, 1990 to July 31, 1990, against Coupon No. 10 in respect of U.S. \$10,000 nominal of the Notes will be U.S. \$628.03 and in respect of U.S. \$250,000 nominal of the Notes will be U.S. \$10,700.95.

June 29, 1990, London
By: Citibank N.A. (CSSI Dept.), Agent Bank

CITIBANK

INTERNATIONAL COMPANIES AND FINANCE

Singapore
Aerospace
first 1990
state sell-offBy Joyce Quek
in Singapore

SINGAPORE Aerospace is to raise \$815m (US\$815m) through the flotation of a third of its share capital, becoming the first company under the state's privatisation plan to go public this year.

The offer will finance the expansion of its operations, which cover aircraft maintenance and modification, overhaul and repair of aircraft engines and components, manufacture of aircraft engines, aircraft parts and components, and component supply.

The company is the first of the Government's Singapore Technologies (ST) group to make a share issue. ST's other three units operate in defence through Chartered Industries of Singapore, shipbuilding via Singapore Shipbuilding & Engineering, and industrial sectors with Singapore Technologies Industrial Corporation.

The 10m shares at \$81.50 each, represent a price/earnings ratio of 18.5 times. Turnover was \$316m for the year to last December, and is predicted to rise to \$318m. Pre-tax profits are forecast to double to \$83.6m - still shy of the group's peak of \$82.8m in 1985.

This reflects the nature of the group's core businesses which comprise high contracts spanning several years on which revenue is recognised only on delivery. Weak profits in 1989 were also due to the group's reorganisation, expansion costs, a lull between contracts and higher start-up costs.

Singapore Aerospace expects to hit the \$82m pre-tax profit level within two to three years. The company is looking at 10 per cent growth over the next few years, much like Singapore Airlines.

In view of the sensitive aspects of some of the group's operations, the Government will hold a special share with wide powers of veto. In addition, foreign ownership is restricted to 15 per cent of its capital, and to 5 per cent by any single holder except Singapore Technologies, its holding company.

Singapore Aerospace started 15 years ago through Samco, an aircraft maintenance and repair company. In 1985, all related aircraft industries were grouped under Singapore Aircraft Industries, which was renamed Singapore Aerospace in 1989 to reflect its status as a national priority growth area.

Block of Israeli
banking shares
put up for saleBy Judy Maltz
in Jerusalem

THE ISRAELI Government yesterday put up for sale a block of shares in IDB Bankholding Corporation, setting into motion the privatisation of the country's leading banks.

IDB Bankholding, whose largest asset is Israel Discount Bank, is Israel's third largest banking group with a market value which has been estimated at between \$600m and \$800m.

MI Holdings, the state-run company handling the sale, said it was offering between 25.1 per cent and 51 per cent of the voting rights and share capital. Potential investors are asked to deposit \$10m with the Treasury and obtain authorisation from the Bank of Israel. MI Holdings said it would approve the list of candidates by the end of September.

IDB has assets exceeding \$18bn. Shareholders' equity totalled \$659m by 1989, with net return on equity of just over 5 per cent.

The Government gained a controlling 71 per cent stake of IDB in 1983, when it bought out the country's four leading banks to the tune of \$7bn.

Late last month an agreement was reached under which the Recanat family, IDB's original owners, consented to having their voting rights equalised, thereby relinquishing control in the group to the Government. Until then the Recanats, who are viewed as leading contenders to buy back the shares, had controlled the bank through special voting rights although they only held 13 per cent of IDB's share capital.

IDB Bankholding is one of Israel's largest investment companies, with significant holdings in both the banking and industrial sectors. Israel Discount Bank operates as a dealer, underwriter and broker in the Israeli securities market. Israel Discount Bank of New York, one of its six overseas branches, is the largest Israeli bank operating abroad. The banking holdings also include Barclays Discount, jointly owned with Barclays of the UK.

Discount Investment Corporation, IDB's main industrial holding, has stakes in several Israeli companies whose shares are traded in the US.

Kokusai Kogyo hits fresh
storm as shareholder quits

By Stefan Wagstyl in Tokyo

KOKUSAI KOGYO, a Japanese aerial survey company at the centre of a controversial takeover and a tax fraud investigation, was plunged into a new storm yesterday with the resignation from the board of its controlling shareholder.

Mr Mitsuhiro Kotani, who acquired the group 18 months ago in Japan's first large hostile takeover, quit at the annual meeting and announced plans to sell his 57 per cent shareholding.

Shareholders approved a decision by the directors of Kokusai that Mr Kotani should leave because of the damage his reputation as a speculative investor was doing to the group.

The board was also concerned about the impact of an investigation by the Tokyo district public prosecutors' office into allegations of tax evasion on profits from deals in Kokusai stock made two years ago, when Mr

Kotani was building his stake. Earlier this month, four former Kokusai executives were arrested. Prosecutors are also looking for a fifth executive, believed to have fled to Australia. The company's offices were searched in raids.

The probe focuses on how Koshin, Mr Kotani's investment group, won control of Kokusai Kogyo and who benefited from the way in which Mr Kotani's bid drove Kokusai's share price from ¥1,900 to ¥7,000 in 1987.

After yesterday's general meeting, Mr Kotani said he would sell his holdings to financial institutions so that the company could regain its credibility after a series of recent incidents.

However, he did not say when or how he would dispose of his stake. He did not elaborate on why he was leaving the group. It is understood that he resisted pressure from other directors until the last moment

but eventually agreed when the banks funding his investment also demanded his resignation. One theory is that his departure will deflect from the company some of the adverse publicity surrounding the tax investigation.

Mr Kotani apologised for having brought trouble to Kokusai's staff. Employees said they were delighted with Mr Kotani's resignation. Earlier this year they staged a one-day strike to persuade him to quit.

A planning department manager said: "We have got over a great hurdle. This experience will unite the company." A company trade union official added that Mr Kotani's intervention in the company had at least brought one benefit - the appointment of a strong president, Mr Haruki Tomono, a former senior official of Kyocera, the electronics and ceramics group. Mr Tomono will stay despite Mr Kotani's departure.

Tomson Pacific
Bond's
HK operationBy John Elliott
in Hong Kong

CONTROL of Bond Corporation International (BCIL), Mr Alan Bond's Hong Kong company, yesterday passed to Tomson Pacific, a quoted local investment company controlled by Taiwanese, mainland Chinese and Hong Kong interests.

Mr Stanley Ho, the Hong Kong and Macao gambling executive, was one of five Tomson directors who joined the BCIL board yesterday after Tomson concluded arrangements to buy a 34.5 per cent stake in the company at HK\$2.25 a share.

Another 31.5 per cent is to be placed with independent third party investors by July 27. The balance is held by minority interests which will receive a general offer if the placement fails short.

Eventually these transactions should yield Bond's Australian empire HK\$1.98bn (\$254m). BCIL's other main asset is a 294 hectare Rome development site which is half-owned by BCIL with a first option to buy the remainder. If it does not do so, Tomson Development Corporation of Taiwan has agreed to buy it for US\$70m.

The deadline for this transaction has been delayed from yesterday to July 9.

FAI Insurance, an Australian company, said it had arranged a joint venture with Bond Corp on the Ennerv Brewery site in Perth, Reuters adds from Sydney.

In February Bond failed to buy back the site for A\$194.8m as earlier agreed. FAI said the venture had so far yielded it A\$84m through the sale of securities.

BZW buys stake in
Woodside Petroleum

By Bruce Jacques in Sydney

BARCLAYS de Zoete Wedd of the UK was yesterday engaged in one of the highest own account transactions by a stockbroker in Australia, paying A\$525m (US\$413m) for a 30 per cent stake in Woodside Petroleum, a pivotal company in the country's North-West Shelf gas project.

It bought the shares from Broken Hill Proprietary (BHP), Australia's biggest company, for A\$2.83 each in a deal which leaves BZW carrying the risk in seeking to sell the Woodside shares in a profit.

The broker appeared on the way to doing this last night, with several institutions, both in Australia and overseas, prepared to take the shares. BZW's purchase price compared with Woodside's market price in Sydney yesterday of A\$2.80, a 10 cent drop on the day.

The price has fallen heavily since January when BHP announced that it planned to offer its 40 per cent stake in Woodside by tender. Woodside shares were then trading at A\$3.30 each, but BHP was unable to attract realistic offers and its sale to BZW was seen as a fallback deal. It will now retain 10 per cent.

Yesterday its 56 per cent-owned BHP Gold Mines announced a rise in net profits to A\$86.8m from A\$59.2m. After accounting for abnormal items, the difference was sharper, with attributable profits of A\$37m compared with a loss of A\$136.6m.

The latest result reflected asset sales in New Zealand.

U.S. \$500,000,000

CITICORP

(Incorporated in Delaware)

Subordinated Floating Rate Notes Due January 30, 1998
Notice is hereby given that the Rate of Interest has been fixed at 8.45% and that the interest payable on the relevant Interest Payment Date July 31, 1990 against Coupon No. 54 in respect of US\$10,000 nominal of the Notes will be US\$75.11.

June 29, 1990, London
By: Citibank N.A. (CSSI Dept.), Agent Bank

CITIBANK

New Issues

June 28, 1990

Federal
Farm Credit Banks
Consolidated
Systemwide Bonds8.15% \$1,155,000,000
CUSIP NO. 313311 WR 9 DUE OCTOBER 1, 19908.20% \$1,315,000,000
CUSIP NO. 313311 WY 4 DUE JANUARY 2, 1991

Interest on the above issues payable at maturity

8.30% \$595,000,000
CUSIP NO. 313311 XQ 0 DUE JULY 1, 1991

Interest on the above issue payable January 1, 1991, and at maturity

Dated July 2, 1990

Price 100%

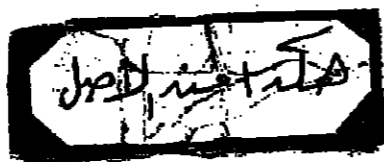
The Bonds are the joint and several obligations of the Banks of the Farm Credit System and are issued under the authority of the Farm Credit Act of 1971. The Bonds are not obligations of and are not guaranteed by the United States Government.

Additional information may be obtained upon request through the Funding Corporation.

Bonds are Available in Book-Entry Form Only.

Federal Farm Credit Banks
Funding Corporation90 William Street, New York, N.Y. 10038
(212) 908-9400

This announcement appears as a matter of record only.



FINANCIAL TIMES FRIDAY JUNE 29 1990

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THE WAY FORWARD IS OPEN

In Paris on June 27, the shareholders of Eurotunnel PLC and Eurotunnel SA approved the increases in capital which permit a rights issue to take place, once the additional credit facilities have been committed by the worldwide Banking Syndicate. The shareholders have opened the way forward to 1993.

THE FIXED LINK IS NEAR

In October, if present progress is maintained, the marine service tunnel* drives from England and France will come **within 500 metres** of each other and preparations for breakthrough will be intense. In 1990, Great Britain and France should be linked. **At dawn last Monday the service tunnel drives were 7¼ kilometres apart** after averaging a combined 60 metres a day for the previous 21 days.



A BREAKTHROUGH FOR BRITAIN

* One of three tunnels under construction.

Anglian Water launches £100m loan stock issue

By Tracy Corrigan

ANGLIAN WATER became the first UK water company to tap the sterling bond market when it launched a £100m issue of inflation index-linked loan stock yesterday, the largest such issue outside the gilts market.

Many of the water companies, which were privatised last year, have been hampered in their efforts to raise funds by unfavourable conditions in the sterling bond market this year.

Anglian abandoned plans to bring a conventional fixed-rate bond issue, in favour of an issue structured so that

interest and redemption payments were determined by the movement of the UK retail price index, using the same formula as for index-linked gilts.

Mr Chris Mellor, Anglian's group director of finance, said the inflation-linked structure provided an appropriate fit with water companies' revenues, as their charge-increase formula is also inflation-linked.

The 5 1/2 per cent 10-year issue was launched at a spread of 100 basis points above the 2 1/2 per cent index-linked gilt due 2009.

• The French water company, Compagnie Générale des

Eaux, brought a FF4.6bn issue of 6 per cent bonds with equity warrants, of which FF1.5bn was placed internationally. Lead manager Société Générale said the international tranche was several times oversubscribed.

The bonds are priced at FF2.850, with one warrant attached.

Two warrants can be used to buy one share at a price of FF3.200, a relatively low premium of 7.6 per cent above Wednesday's closing price on the Paris Stock Exchange of FF2.948.

Lex, Page 20

Ford in \$200m Eurobond offer

By Tracy Corrigan

FORD Motor Credit brought a \$200m issue of three-year Eurobonds, locking in lower fixed-rate funding levels. Many US companies have stayed away from the market for much of this year in the hope that easier interest rates will allow them to lock in lower fixed-rate borrowing costs.

Ford's on-going requirement for fixed-rate funds is more substantial than most, and the majority of US corporate borrowers are waiting for the US long bond yield to fall at least below 8.25 per cent, from its current level of 8.45 per cent. Some are still waiting for the yield to fall as low as 8 per cent. The lack of swap opportunities means that such borrowers are likely to be the main-

stay of new issue supply. Ford's 9 per cent bonds offered a yield spread of 50 basis points above the three-year US Treasury, at the fixed reoffer price. Dealers said the issue was priced on the

INTERNATIONAL BONDS

aggressive side, although a lack of liquid assets at that maturity makes it difficult to assess fair pricing levels. For example, Ford has two outstanding issues maturing in 1992, one of which trades 47 basis points over the comparable US Treasury, while the other trades at a spread of 74

basis points. Lead manager Morgan Stanley International reported demand from both retail and institutional investors, buoyed by a substantial redemption of short-dated corporate paper in the sector.

More than \$10bn equivalent of Euro bond issues have been launched so far this year, compared with about \$12bn for the whole of 1989, when it represented about 5-6 per cent of bond market issuance.

"Assuming the UK Government understands that its proposal would ultimately destroy the current Ecu basket, there appears to be some very little recognition of the huge growth of the private market in Ecu instruments in recent years and, perhaps more importantly, the strong backing to this market from the EC," the economists say in a report.

"If European inflation persists and inflation in West Germany is kept at the lowest level, then European Monetary Union will succeed. Moreover, there will be no difference between the D-Mark, existing Ecu or hard Ecu."

Noting scepticism among policy makers at the proposals, they conclude: "We find it highly unlikely but likely highly unlikely for the UK proposals to be given serious attention on the road to European Monetary Union."

Economists attack UK scheme for hard Ecu

By Stephen Fidler, Euromarkets Correspondent

THE British Government's proposal for a hard Ecu would destroy the current Ecu basket and deliver a blow to one of the few growth areas in the international capital markets, according to economists at Swiss Bank Corporation.

"If the proposal is to be taken at face value, this hard Ecu would not be able to have any relationship with the existing Ecu or for that matter its existing components," say the economists, led by Mr Jim O'Neill.

Mr John Major, the UK Chancellor, proposed a hard Ecu - one which would never be devalued against any European Community currency - in a speech last week as an alternative to the European monetary union proposals of Mr Jacques Delors. Mr Delors' three-stage approach to union is supported by most EC member states but opposed by the UK Government.

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An exchange by any other name

Deborah Hargreaves on possible acronyms for a new merged market

With their penchant for acronyms, London's flamboyant futures traders have been toying with a name for a joint exchange ever since the London International Financial Futures Exchange agreed to merge with the London Traded Options Market two months ago. LOAF is one suggestion - short for the London Options And Futures exchange - where you make your bread.

Another one is DEAL - Derivatives Exchange At London. The name of the merged market has also been exercising the minds of the working party created to draw up the merger plan and it was left to a final meeting yesterday to decide upon the winning acronym. The report on the merger should be submitted to the boards of the two exchanges over the weekend and made public on Monday.

Although the two markets will probably agree on a full merger, they will continue to exist separately for some time. Whichever new building the exchanges decide to move into, it will not be ready before the second half of next year and a Life's floor is already far too crowded to allow LTOF to camp out on it.

The site of the new market has been the subject of intense debate among members of the merger committee and could still be unresolved when it submits its final report. However, it looks increasingly likely that the exchanges will plump for Cannon Street - the site above London's Cannon Street station which is not far from their existing locations.

The Stock Exchange has

offered its deserted trading floor to the new exchange at a nominal fee, but the floor would need considerable redevelopment and would be unpopular with Life members. The merged exchange will want to distance itself from the Stock Exchange which has been running LTOF. Other options for a building include the old Billingsgate fish market and a development at Canary Wharf in the London docklands.

The redevelopment of a building for the new market would prove the greatest cost of a merger and could run as high as £15m. Funding of the merger has proved to be a controversial issue, but it could be financed by a sale of rights to futures, which is a method Life has used before to raise cash.

Although Life members are concerned about footing the bill for a merger with the beleaguered LTOF, board members at both exchanges point to the cost savings firms will gain from combining their current operations in the two markets.

LTOF is in the middle of instituting a significant cost-cutting programme to get its turnover up to a daily turnover of 30,000 lots. The market currently has to trade 45,000 contracts to balance its budget and it has not reached this level for several months. The exchange was looking at a change in its way of trading to move from a market-maker system towards a specialist system of trading, but this has proved unpopular and will probably be shelved.

Whether the new LTOF prunes its costs, it will be the junior partner in any merger and options traders have

accepted this with an air of resignation. While it will take some time to meld the two exchanges' different trading styles, the larger market will carry more clout when it comes to selling its products.

A partnership with Life will give the less successful options market a shot in the arm since it will bring a bigger marketing budget and a more innovative approach to selling derivatives. Options products have not proved as successful in London as they have in the rest of Europe - a failing which many market players attribute to the lack of a strong marketing drive at LTOF.

In the run-up to the EC single market in 1992, a joint futures and options market in London could be a driving force behind the development of derivatives in

Europe. Life-LTOF will be an important experiment in trading financial futures, stock indices and equity options side by side since the products have never been traded under one roof.

The merger of the two regulatory bodies, The Securities Association and the Association of Futures Brokers and Dealers, which was announced yesterday, will provide an additional fillip to the cross-fertilisation of these products. There are many members of the TSA which are becoming much more involved in the futures markets, but are currently unable to do more than 5 per cent of their turnover in futures without paying the additional subscription for joining the AFBD.

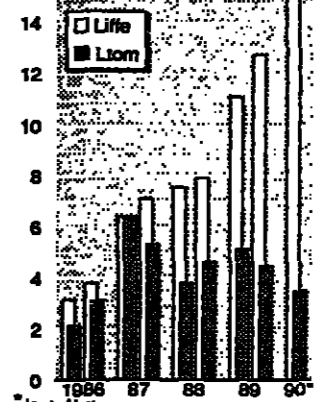
In addition, the two markets will be able to pool resources in the race to create Euro-products. It is well known that both are looking at trading derivatives and options on a Euro-index of stocks. Competition to develop a Euro-index is fierce, with France's Mafit futures exchange actively researching an index and the European Options Exchange ready to launch its product this summer.

In the grand scheme that Mr David Burton, Life chairman, envisages, all London's derivatives markets will get together under one roof before long.

Mr Burton is keen to extend the invitation to the City's four other commodity markets to join a Life-LTOF partnership which he says he would like to do "sooner rather than later."

Turnover

Contracts (millions)



NEW INTERNATIONAL BOND ISSUES

Issuer	Amount m.	Coupon %	Price	Maturity	Fee	Book runner
STERLING						
Anglian Water (a)	100	5 1/2	101.700	2008	n/a	J. Henry Schroder Wagg
Alliance & Leicester (b)	300		undated			Merrill Lynch
US DOLLARS						
Ford Motor Credit (a)	200	9	99.80	1993	1 1/2	Morgan Stanley Int.
Standard Bank (a)	100	8.05	101.725	1998	1 1/4	Mitsubishi Trust Int.
CANADIAN DOLLARS						
Deutsche Bank Finance (a)	100	11 1/2	99	1995	1 1/4	Deutsche Bank Cap. Mkts
FRANCH FRANCES						
Compagnie Générale des Eaux (a)	1.5bn	8	FF2850	1998	2 1/2	Societe Generale
SWISS FRANCES						
McDonald's Corp (a)	65	7 1/2	101 1/2	1993	1 1/2	Wirtschaftsbank Privatbank
Mitsubishi Electric (a)	50	7 1/2	101	1995	1 1/2	Wirtschaftsbank Privatbank

*Private placement, with equity warrants. *Variable rate notes. *Final terms. a) Linked to index-linked stock due 2008. Non-callable. b) Issue increased from \$200m, initial coupon 2 1/2% over 3-month Libor. Full back rate: years 1-5 80bp over 3-month Libor, years 6-10 100bp over 3-month Libor, years 11-20 120bp over 3-month Libor. c) Non-callable. d) Total of FF4bn issued of which FF1.5bn aimed at international investors. One warrant per bond. Two warrants can be exercised into one new share at FF3.200 between Aug 1990 and June 1993. e) Fixed re-offer price. Non-callable.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

British Funds	Rises	Falls	Same
Corporations, Domestic and Foreign Bonds	27	52	17
Equities	301	128	974
Financial and Properties	20	23	45
Options	38	27	65
Others	91	35	106
Totals	622	582	1,733

LONDON RECENT ISSUES

Issue	Amount	Price	Yield	Term	Yield
100% F.P.	130	107	10.7	10	10.7
100% F.P.	40	107	10.7	10	10.7
100% F.P.	40	107	10.7	10	10.7
100% F.P.	40	107	10.7	10	10.7
100% F.P.	40	107	10.7	10	10.7

FIXED INTEREST STOCKS

Issue	Amount	Price	Yield	Term	Yield
100% F.P.	130	107	10.7	10	10.7
100% F.P.	40	107	10.7	10	10.7
100% F.P.	40	107	10.7	10	10.7
100% F.P.	40	107	10.7	10	10.7
100% F.P.	40	107	10.7	10	10.7

RIGHTS OFFERS

Issue	Amount	Price	Yield	Term	Yield
100% F.P.	130	107	10.7	10	10.7
100% F.P.	40	107	10.7	10	10.7
100% F.P.	40	107	10.7	10	10.7
100% F.P.	40	107	10.7	10	10.7
100% F.P.	40	107	10.7	10	10.7

LONDON TRADED OPTIONS

Options: CALLS PUTS

Option	CALLS	PUTS
100% F.P.	130	107
100% F.P.	40	107
100% F.P.	40	107
100% F.P.	40	107
100% F.P.	40	107

FT-100 SHARE INDEX

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UK COMPANY NEWS

Sharp fall in share of home market Growing competition leaves BPB 38% lower

By Andrew Taylor, Construction Correspondent

PRE-TAX profits of BPB Industries, Europe's biggest plasterboard manufacturer which is involved in a price war in the UK, France and West Germany, tumbled from £202.3m to £126.4m during the 12 months to end-March.

The 38 per cent fall occurred in spite of a rise in sales from £960.8m to £1,036m.

The British group, which is facing its first real competition in its home market for 20 years, said plasterboard sales in the UK fell by about a tenth last year due mainly to a sharp drop in housebuilding.

Knauf, West Germany's biggest plasterboard manufacturer, and a joint venture between Redland, the UK building materials group, and CSR, the Australian building materials group, have opened plasterboard plants in Britain in the past 18 months.

Mr Alan Turner, BPB's chairman and chief executive, said the three companies would have capacity to manufacture 250m sq m of plasterboard by the end of this year. That compares with industry sales expected by BPB to be about 170m sq m this year.

The capacity for plasterboard production in the UK will soon be sufficient for nearly twice the predicted level of demand for the next two years, said Mr Turner.

BPB, which has cut its workforce by about 550, or 15 per cent, during the past two years, said prices for some UK plasterboards had fallen by 20 per cent since January last year. Redundancy costs for 1989-90 totalled £3m (£3.4m).

Competition between BPB and Knauf, a family-owned company, was sparked after BPB bought Rigips West German plasterboard interests in 1987. The British group is also facing price competition in France, where it is the largest producer, from Knauf and Lafarge Coppee, the French building materials group. BPB is also the second largest plasterboard producer in West Germany where it competes strongly with Knauf.

Prices of some plasterboards fell by between 10 and



Alan Turner - capacity for plasterboard production in the UK will soon outstrip demand levels

20 per cent in France last year. Prices in West Germany have fallen by up to 30 per cent since 1987. This had been offset to some extent by increased sales of about 6 per cent in France last year and by about a tenth in West Germany.

Plasterboard sales in West Germany are expected to benefit from an upsurge in demand for rented accommodation to house immigrants from East Germany.

BPB said yesterday that its share of the UK market had fallen from more than 90 per cent to 70 per cent. Its bigger product range in the UK, however, meant it had been less affected by price cuts than its

rivals which needed to import raw materials.

It had spent heavily during the last few years improving production efficiency in the UK and expanding into growth markets on the Continent. The company has just agreed to pay £97.1m to acquire 65 per cent of Inverness, Spain's largest plaster company.

BPB said it had moved from a net cash position to having borrowings equivalent to 17 per cent of shareholders' funds. It proposes to pay a final dividend of 7.25p, making a 11.25p (10.75p) total for the year. Earnings amounted to 32.1p (32.3p).

See Lex

Statement imminent as Parkfield shares dive

By John Thornhill

PARKFIELD, the manufacturing and entertainment company, is today expected to make a statement to the Stock Exchange following another sharp fall in its share price.

The company's shares yesterday dropped 45p to 77p amid a "bout of hysterical trading," according to one marketmaker. Last week, Parkfield's shares slid from 346p to 189p after the company warned that its pre-tax profits were not likely to exceed last year's £26m.

In the light of yesterday's volatile trading, Parkfield came under pressure from the exchange to clarify its position. But the company made no comment on its share price movement other than to say that it would issue a statement soon to "dampen speculation."

The trigger for the selling appeared to be the news that an institutional investor had placed its holding of more than 2m shares at a sizable discount to the market price.

After yesterday's fall, Parkfield's market value stood at £39.1m. In January, with its shares touching 518p, Parkfield was capitalised at £266m.

Expansion in US for GKN with joint venture

By Charles Leadbeater, Industrial Editor

GKN, the automotive and industrial services group which recently issued a profit warning because of a downturn in its main automotive markets, is planning a significant expansion of its industrial services activities in the United States.

It is to launch a pallet management joint-venture with Brambles Industries, the Australian engineering company, which it has co-operated with since 1974 in pallet pooling.

GKN first became involved in pallet pooling through a joint venture with Brambles to set up GKN Chep in the UK. The service, which was extended to the main continental European markets in 1978, manages the movement of millions of wooden pallets used by large retailers and manufacturers to ferry around their goods.

The idea of pallet pool management was developed by the Commonwealth Handling Equipment Pool in Australia after the Second World War to take over the materials handling equipment, including pallets left behind by US armed forces.

The Chep business, which was privatised in 1988 when Brambles took it over, acts as a sub-contractor to companies tracking and replacing pallets.

The decision to create Chep US, which will be equally owned by the two parents, is one of the most ambitious developments yet of GKN's industrial services division.

The services division, which includes scaffolding supply, waste management and vending products, complements GKN's main business, making constant velocity joints for front wheel drive vehicles.

GKN and Brambles are planning to invest about \$140m (£81m) in the venture which will be launched in September, with 4 main depots in Los Angeles, Chicago, Atlanta and New Jersey and a further 32 smaller depots.

About half the investment finance will be raised by borrowing through GKN Brambles Enterprises, which will manage the venture, with the parents contributing the remaining \$70m in equal measure.

Mr John Jessop, managing director of GKN's industrial services division, said extensive studies of the US market over the past 18 months had led Procter and Gamble, the consumer products group, to contract with Chep US to palletise all its warehousing and manufacturing operations over the next three years.

A clutch of other large US groups, which use Chep service in Europe, have also agreed to be launch customers.

Mr Jessop said the partners planned to have a pool of 1.5m pallets within the first year, rising to 3m in 1992. With growth of 3m pallets a year the company expects to have a pool of about 20m pallets within five years.

Mr Pybus said the recent surge in inflation and the continuation of high interest rates had constrained demand in some of its markets, but that sales and profits for the first two months of the current year were ahead of budget.

Earnings per share rose 10 per cent to 33.2p (30.1p), while the recommended final dividend of 9p will lift the total for the year to 13.5p (11.95p), an increase of 13 per cent.

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AAH rises 9% as sales top £1bn mark

By John Thornhill

AAH Holdings, the healthcare and services group, registered a 9 per cent increase in pre-tax profits in the year to March 31 in spite of difficult market conditions.

Taxable profits grew from £30m to £32.8m, while sales topped the £1bn mark for the first time, up from £926.5m to £1,011m, also an increase of 9 per cent.

The healthcare services division, which is by far AAH's biggest activity, increased trading profits from £18.4m to £20.6m.

Mr Bill Pybus, chairman, said the wholesaling side of the division had recovered ground after suffering from UniChem's controversial share scheme. Two small wholesaling businesses were bought and new product ranges were introduced.

AAH's activities in the building supplies field increased operating profits from £5.1m to £5.7m reflecting an "extremely

creditable performance" in the strained construction industry.

Environmental services' results were buoyed up by the acquisition of Go Plant and trading profits advanced to £2.2m (£1.5m).

This was offset, however, by the weak performances of AAH's interests in electrical supplies - which saw profits fall to £2.4m (£3m) - and from transport services which recorded £1.4m (£2.1m).

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Rowland-Jones banned from presiding at EGM

By James Buxton, Scottish Correspondent

MR JAMES Rowland-Jones, chairman of Bremner, was yesterday banned by a judge from presiding at the extraordinary general meeting which is being held today in Glasgow at the request of shareholders seeking his removal.

In what is believed to be an unprecedented application of sections 459 and 461 of the 1985 Companies Act, Lord MacLean issued an order at the Court of Session in Edinburgh appointing Mr David Bennett, a solicitor and chairman of the Law Society of Scotland's company law committee, as chairman for the EGM.

Shareholders who claim to have proxies for 46 per cent of the equity of Bremner - whose principal asset is £5.5m from the sale of a Glasgow store - are seeking the removal of the entire board of Bremner and the election of four directors from the Scottish financial community.

Lord MacLean said yesterday: "As a general observation it is hardly to be expected that Mr Rowland-Jones will conduct the meeting with detachment and objectivity. It can hardly be said that those features were apparent in the EGM of 1988."

In January 1988 an attempt to remove Mr Rowland-Jones succeeded at a meeting lasting many hours. The judge said that on that occasion, despite a court order, the company did not release the proxies to scrutineers until the morning of the meeting, behaviour which he considered "intentionally dilatory."

Lord MacLean said it was "not surprising" that the shareholders had suggested that today's meeting was timed for 3pm because Mr Rowland-Jones wished to exhaust the patience and staying power of those attending. Yesterday Mr David Low, the Edinburgh stockbroker who is being

posed as a director, said he believed the group of opposing shareholders had an absolute majority of the votes. They had proxies for 48 per cent of the equity and he was aware of intended abstentions by institutions sympathetic to his side.

Mr Rowland-Jones indicated that he did not intend to appeal. The meeting, he said, would be "an interesting occasion with a chairman who would not be in a position to answer questions about Bremner."

The stage may be set for the culmination of a saga dating back to 1986 when Mr Rowland-Jones, a powerfully-built figure who has featured in many boardroom battles, became chairman of Bremner. In spite of its small size Bremner has always had interest for other parties as a shell company, especially since it sold the premises of its department store last year.

Mr Rowland-Jones' involvement with Bremner has been marked by feuding between his faction and one led by Mr Denis McGuinness, a Glasgow stockbroker whose company, Carswell, was taken over by Bremner in 1987.

Although Mr McGuinness replaced Mr Rowland-Jones as chairman in January 1988 a series of EGMs, punctuated with court actions and vividly written circulars to shareholders from Mr Rowland-Jones, culminated in Mr McGuinness' ousting from the board in June last year. Mr Rowland-Jones took his place.

Bremner's listing was suspended on June 1, partly because of Stock Exchange concern at the release of circulars without its approval. The listing was restored last week, but the exchange reserved the right to suspend the shares immediately after the EGM.

CLOSES IN 10 DAYS OFFER CLOSES IN 10 DAYS OFFER CLOSES IN 10

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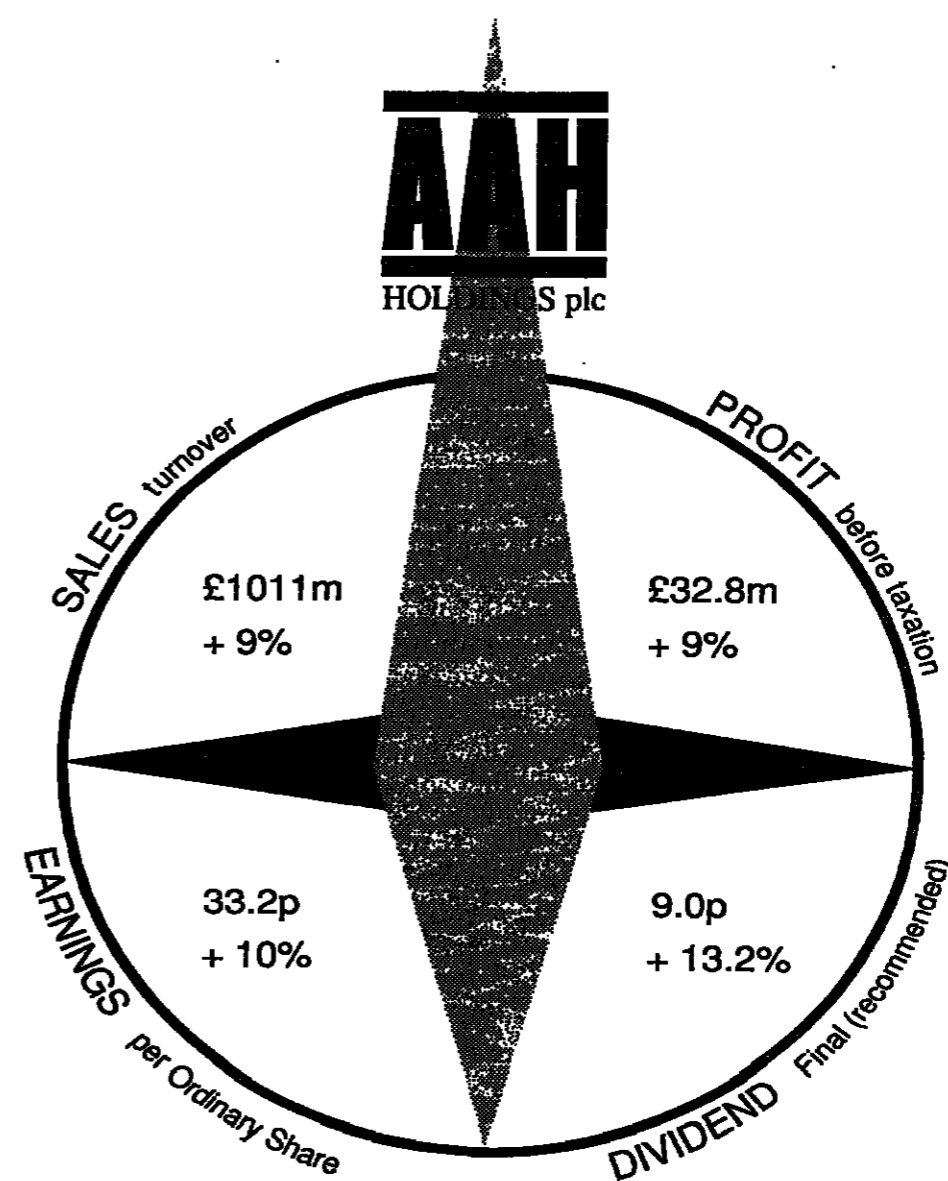
Should you wish to sell your shares to us for CASH NOW rather than accepting our offer, please instruct your stockbroker or bank to contact Barclays de Zoete Wedd Securities Limited.

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The issue of this advertisement has been approved by duly authorised committees of the directors of British Coal Staff Superannuation Scheme Trustees Limited ("the Staff Superannuation Scheme Directors") and of the trustees of the Mineworkers' Pension Scheme and the directors of Citystone. The Staff Superannuation Scheme Directors, the trustees of the Mineworkers' Pension Scheme and the directors of Citystone (all of whose names are given in the Original Offer Document) accept responsibility for the information contained in this advertisement. To the best of the knowledge and belief of the Staff Superannuation Scheme Directors, the trustees of the Mineworkers' Pension Scheme and the directors of Citystone (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The issue of this advertisement has been approved by Barclays de Zoete Wedd Limited for the purposes of Section 57 of the Financial Services Act 1986. Barclays de Zoete Wedd Limited is a member of The Securities Association.

CLOSES IN 10 DAYS OFFER CLOSES IN 10 DAYS OFFER CLOSES IN 10



PRELIMINARY RESULTS

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- "current year trading ahead of budget"

Bill Pybus, Chairman

FOR FURTHER INFORMATION ON THE AAH GROUP, AND A COPY OF THE PRELIMINARY ANNOUNCEMENT, PLEASE WRITE TO THE SECRETARY, 76 SOUTH PARK, LINCOLN LN5 8ES.

Handwritten signature: J. J. J.

UK COMPANY NEWS

Provisions against bad debts increase from £26m to £83m
Reorganised TSB rises to £175m

By David Lascelles, Banking Editor

TSB GROUP showed the first benefits of its big internal shake-up yesterday with a 6.7 per cent increase in interim profits. But the result was dulled by the need for increased provisions against bad debts.

Sir Nicholas Goodison, chairman, said he was pleased to report that the TSB's reorganisation was proceeding on schedule. But he warned that the current credit squeeze would be "more severe than the early 1980s", and that it was "the job of banks to ride this out".

The banking and financial services group reported pre-tax profits for the six months ending April 30 of £175m, up from £164m last year. The post-tax result was £103m (7.2p per share), down from £105m, (7.4p).

The bulk of the profit came from banking which contributed £133m, up from £128m. Mr Don McCrickard, TSB chief executive, said that retail banking had performed satisfactorily, raising profits by 7

per cent to £117m. Costs were held below last year's level, and staff levels were down by 2,000. The branch network is being restructured, and mortgage processing centralised in Glasgow. Deposits and lending increased.

But corporate banking, operating under the Hill Samuel name, saw profits fall from £33m to £24m because of a sharp rise in provisions. Mr McCrickard said there was "no single major disaster". The largest provision was £2m, and the second £5m, believed to be against British & Commonwealth Holdings. Exposure to leveraged buy-outs was small.

TSB made £71m of specific provisions, up from £19m in the same period last year, and £12m (£7m) of general provisions. The total provision was equivalent to 0.55 per cent of the group's loans. Sir Nicholas said the bad debt situation had deteriorated noticeably in the last couple of months, and was particularly concentrated in the retail, property and construction sectors.



Sir Nicholas: the job of banks to ride out the credit squeeze

Insurance and investment services had "an outstanding year", Mr McCrickard said, raising profits from £29m to £54m, led by sales of life and pension policies. However the TSB has

already announced its intention to sell Target Group, its unit-linked life company, because it overlaps with other parts of the business. TSB bought Target for £27m, but carries it on its books after goodwill write-offs at £55m. Sir Nicholas said there had been expressions of interest from potential buyers but it was too soon to say when a deal would be struck.

TSB's commercial interests earned £4m, down from £10m, mainly because of the softer car rental market for Swan National. Noble Lowndes and Wescol both earned higher profits.

Overall, the TSB's ratio of costs to income fell from 72 to 70.2 per cent.

Sir Nicholas said the group was financially strong, and now that the business was more clearly focused on the core activities of banking and insurance, it could concentrate on improving services and increasing earnings. See Lex

BCPF circular attacks
Globe's investment record

By Nikki Tait

THE STEADY stream of documents in the £1.1bn bid battle between British Coal pension funds and its target, Globe Investment Trust, kept flowing yesterday with a circular attacking Globe's investment record.

The circular also repeated claims that "if our offer were to lapse, Globe shareholders could expect their share price to fall substantially".

Globe, for its part, pointed out that 321 shareholders, speaking for more than 1m shares, had returned forms withdrawing earlier acceptance of the offer.

That, retorted BCPF, was a

very small percentage of the equity - about 0.2 per cent - and it suspected that some of these might represent shares which had been sold to its brokers instead.

Meanwhile, Sir John Harvey-Jones, president of the Wider Share Ownership Council, intervened yesterday on behalf of Globe. Speaking on Channel 4 television, Sir John said he was against further concentration of equity ownership in institutional hands, a trend which he felt the Globe bid exemplified.

In the market, trading volume in Globe shares was low and the price ended unchanged at 201p.

Regina Health slides into red with £477,000 loss

By Nikki Tait

REGINA HEALTH and Beauty, the USM-quoted distributor of Royal Jelly, has incurred a £477,000 loss before tax in the six months to end-December.

But the company, which conceded yesterday that it had faced "considerable pressure" from its bankers - added it had secured "a conditional commitment to underwrite the provision of additional equity finance to secure the finances of the company".

It said that details of the refinancing, likely to involve some form of rights issue, should hopefully become available in the next few weeks. It declined to elaborate on what the conditions might be, or on the scale

of the refinancing. Regina shares had slipped a further 1/2p to 5 1/2p ahead of the announcement, which came after the market had closed.

The interim figures showed a loss before exceptional items of £477,000 on sales of £2.92m. This compares with a profit of £101,000 and turnover of £2.41m in the same period a year earlier.

Further damage was then inflicted by a £2.48m exceptional item. The company said that all new product development had now been written off, and that there had also been write-downs of fixed assets, leasehold improvements and surplus stocks.

NEWS DIGEST

MS Intl
down 19%
to £3.7m

MR MICHAEL Bell, chairman and chief executive of MS International, the defence and engineering group, yesterday reported a 19 per cent reduction in profits to £3.7m pre-tax for the year to April 28.

He said the defence and electrical equipment division performed in line with expectations, achieving a strong second half recovery following a difficult first half.

The mechanical engineering companies produced somewhat mixed results, reflecting the underlying tightening in demand and the general downward trend in the UK economy.

Turnover expanded from £33.24m to £36.95m. There was an interest charge this time of £170,000 compared with a previous receipt of £192,000.

The interest charge reflected the change to borrowings of £1.3m at the year-end against cash balances last year of £3.2m. A major factor was the cost of acquisitions amounting to £2.2m. Directors said borrowings at the year-end remained at less than 10 per cent of shareholders' funds.

Earnings per share emerged at 8.4p (10.7p). A final dividend of 3.16p makes a 4.16p (3.96p) total.

The group was actively looking to expand its business activities, particularly in the "more buoyant" European markets.

Second-half fall
for Wilshaw

A second-half fall from £105m to £70.7m left Wilshaw, an industrial holding company, with pre-tax profits down 4 per cent at £1.67m for the year ended March 31 1990, against £1.75m previously.

The setback partly reflected difficulties encountered by Farnborough Airmotive, which was acquired just over a year ago. The directors have decided to close this operation and full provision for closure costs have been reflected in the results with an extraordinary charge of £37,000.

Turnover expanded 28 per cent to £20.95m. Earnings per share were down from 1.56p to 1.39p, after tax of £800,000 (£596,000).

The recommended final dividend is 0.25p for a total of 0.35p (0.2p) for the year.

Markheath static
on higher turnover

In spite of a £10m advance in turnover to £49.77m, profits of Markheath Securities, the property and investment company, remained virtually static at £11.81m pre-tax for the

to end-March. Income from development properties fell to £776,000 (£1.28m) and the surplus on the disposal of investments declined to £1.42m (£2.35m). However, dividends receivable rose to £1.28m (£936,000) and there was a £1.99m (nil) share of profits from the associated company.

Administration expenses accounted for £2.12m (£1.48m) and interest payable for £4.73m (£4.06m). Earnings emerged at 12.74p (12.46p) and a proposed final dividend of 4p makes a 6p (5p) total.

Following the acquisition of Camford Engineering in January, net tangible assets at the year-end doubled to £105.15m.

Neepsend records
substantial advance

Neepsend, the engineering, tool production and metal processing group, achieved a substantial advance in profits in the year to March 31. Taxable profits of £1.32m, compared with £501,000 for 1988, which saw a downturn. Turnover in the latest 12 months fell by 30 per cent from £39.35m to £24.32m, but reduced cost of sales of £26.9m (£16.95m) pushed up gross profits to £5.36m (£4.4m).

Mr Hugh Sykes, chairman, attributed the result to steady progress at the engineering companies, a significant improvement at Ferro Alloys & Metals and £410,000 seven and a half months' contribution from the two plastics acquisitions. In addition interest payments were cut to £237,000 (£444,000).

The increased final dividend of 1p makes a total of 1.5p (1.2p) on earnings per share of 6.01p (3.79p).

Recovery takes
Feedback to £0.45m

Feedback yesterday reported taxable profits of £445,911 for the year to March 31. The 69 per cent advance from £263,459 continues the recovery at the USM-quoted manufacturer of electronic, electrical and micro-processor equipment.

Turnover was little changed at £9.26m (£9.11m) and the interest charge was reduced to £125,369 (£149,518).

Directors said that the present order rate was encouraging, but there was concern over short-term prospects at Feedback Data, which designs

and makes computer peripheral equipment for industry. The final dividend of 1p makes 1.75p for the year. There was no payment last year.

In Shops cautious in
spite of 44% rise

In Shops, the retail and office space management company, saw taxable profits rise by 44 per cent from £2.26m to £3.26m in the year to March 31.

Mr Tim Brookes, chairman, said that the company was facing the present year optimistically but cautiously.

The figures include a first full year's contribution from Warwick Executive Services, which at £276,000 was above expectations. At the year end the company had net cash balances following its £10m placing and open offer.

Since the end of the period two more retail centres had been opened and Harbour Business Centres had been acquired.

Turnover was £18.1m (£12.54m) and earnings per share came out at 2.5p (6.3p). The dividend is raised to 2.04p (1.7p) with a recommended final of 1.44p.

Final quarter limits
Tex to 14% increase

What had started for Tex Holdings as a good year with high expectations, was marred by a sharp downturn in the final quarter, leaving pre-tax profits ahead by only 14 per cent at £1.73m, against £1.52m last time.

Turnover climbed 43 per cent to £21.92m (£15.37m) and, with the number of shares increased mainly by the acquisition of BSP International Foundations and Woolaway Bungalows, earnings slipped to 19.6p (20.6p). Directors recommended maintaining the final dividend at 7.5p for an increased total of 10.5p (10p).

Tex has four divisions - plastic mouldings, where profits rose 32 per cent; engineering, buoyed by BSP, was up 30 per cent; boards and panels, which produced "good results", when the national economy was "not favourable" to its markets; and building and building products formed by the acquisition of Woolaway.

Tex Abrasives (UK) was sold in September for £1.41m to Industria de Abrasivos de Portugal.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corras - pending dividend	Total for year	Total last year
AAN	9t	Aug 17	7.95	13.5	11.95
BSP Industries	7.25	Aug 17	7	11.25	10.75
Caledonia Invs	8	Aug 14	6.5	12	10
Carole Engineer	5.55	Sept 7	4.55	7.1	5.9
Feedback	2.9	Oct 1	1.75	5.2	4.5
Greycoat	1.44	Oct 1	2.5	4	28.1
Hardys & Mansons	11.2	Aug 16	9.4	2.04	1.7
In Shops	1.44	Oct 1	1.2	3.25	-
MS Optimum Tel	4.5	Aug 9	3	4.5	3
Kewill Systems	1.65t	-	1.55	-	5.8t
Lee (Arthur)	4t	Oct 1	3.5	-	5
Markheath	3.16t	Sept 7	3.06	4.16	3.96
Neepsend	1	Sept 22	0.8	1.5	1.2
Shoring Publ	4.5t	Oct 1	4.5	6	4.5
Stelfox Speak	2	-	2	13.2	2
Swan (John)	13.2	-	12	10.5	10
Tex	7.5t	Sept 12	7.5	2.85	5.8
TSB	3.15	Oct 1	2.75	4.7	4.5
Waterhead Int	11.7t	Oct 1	-	11.7t	4.2
Welsh Water	1.8	Aug 10	1.8	0.2	0.2
Wilding Office	0.25t	Sept 12	0.2	0.35	0.2
Wilshaw	-	-	-	-	-

Dividends shown pence per share net except where otherwise stated. "Equivalent" after allowing for scrip issue. tOn capital increased by rights and/or acquisition issues. \$USM stock.

NOTICE OF INTEREST PAYMENT
TO EXTENDED TERM DEBENTUREHOLDERS
K mart (Australia) Finance Limited

Extended Term Debentures due 2002
National Westminster Bank USA as Trustee for K mart (Australia) Finance Limited
Extended Term Debentures due 2002 (under an indenture dated as of July 1, 1989 between K mart (Australia) Finance Limited and National Westminster Bank USA hereby confirm, the following:
For the period to June 30, 1991
1. The Minimum Redemption Price per \$100 principal amount of Extended Term Debentures is \$100.
2. The principal amount outstanding of each Extended Term Debenture is their face value, \$100, plus interest and other amounts payable respectively.
3. The interest payable on July 1, 1991 will be \$120.51 per \$100 principal amount of Extended Term Debentures.
National Westminster Bank USA
Trustee
June 29, 1990

NZI Capital Corporation

YEN 10,000,000,000
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In accordance with the Description of the Notes, notice is hereby given that for the interest period June 29, 1990 to December 31, 1990, the Notes will carry an interest rate at 7% p.a. The interest payable on December 31, 1990 against coupon No 7 will be YEN\$4,795 per Note of YEN 10,000,000.

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Preliminary results for year ended 31 March 1990

Turnover	£255.3m
Profit before tax	£39.5m
Pro forma profit before tax	£97m
Pro forma earnings per share	61.7p
Recommended dividend	11.17p

Profit figure exceeds forecast made in the prospectus by £4 million.

£1.8 billion to be invested over next 10 years will provide major benefits for both customers and the environment.

£105m already invested in major capital schemes in last year.

Two major new initiatives - the purchase of Wallace Evans and Partners, the largest engineering consultancy in Wales, and successful contract gains by the joint venture company - Cambrian Environmental Services.



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CHANGE IN WARRANT AGENCY

**Covered Equity Warrants
Denominated in Swiss Francs
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Baring Brothers & Co., Limited
and
Barings B.V.**

Baring Brothers & Co., Limited and Barings B.V., as issuers, and Banque Paribas (Suisse) S.A., as warrant agent, have agreed by mutual consent to terminate the warrant agency arrangements with Banque Paribas (Suisse) S.A. with effect from 30 June 1990.

Baring Brothers & Co., Limited and Barings B.V. have appointed Banque Baring Brothers (Suisse) S.A. as their warrant agent with effect from 1 July 1990.

Baring Brothers & Co., Limited
Barings B.V.

**New Warrant Agent:
Banque Baring Brothers
(Suisse) S.A.**

Casa Postale 41-1211 Genève 3
Telephone: (022) 788 40 11 Telex: 413 286 BBS Telefax: (022) 735 32 08

Asahi Corp. (371 856), Best Denki (539 596), Canon Inc. (371 832), Canon Inc. (371 995), C. Itoh Fuel (371 988), Daiichi Corp. (371 990), Daiwa (539 592), Daiwa House Ind. (371 982), Daishinpan (371 971), D'Urban (371 850), Fuji Fire & Marine (585 597), Fujitsu Corp. (371 900), Goto Steel (371 843), Hazama Gumai (371 902), Insee Inc. (371 981), Iswaran (371 868), Kamigumi (371 983), Kobe Elec. Railway (371 985), Kobori Juken (371 989), Korakuen (371 987), Kubota (371 992), Mitsubishi Kasei (371 878), Mitsubishi M+C (371 914), Mitsubishi Petro-Chemical (371 834), Nichirei (371 853), Nippon Conlux (371 986), Nippon Fire & Marine (371 858), Nippon Oil (371 909), Nippon Shuppan (371 836), Nishimaru (371 898), Nishin Oil Mills (371 835), Odakyu Elec. Railway (371 851), Onoda Cem. (371 849), Q. R. (371 845), Ryobi (371 883), Sankey Alu. Ind. (371 841), Shikibu (371 984), Shimadzu Corp. (371 833), Sumitomo Cement (371 911), Sumitomo Realty (371 840), Suzuki Motor Co. (539 594), Taisei Road (371 908), Tokai Elec. Const. (371 980), Tokyo Electron (371 913), Topy Industries (371 848), Towas Real Estate (371 912), Toyobo (371 859), Toyo Const. (371 893), Toyo Suisan Kaisha (371 839), Yamaichi (371 884), Yokogawa Elec. (539 593), Yomuri Land Co. Ltd. (372 002), Zenchiku (371 905), Sumitomo Corp. (371 991).

Notification of Dividend

The Annual General meeting held on 28th June 1990 confirmed the distribution of a dividend of DM 13 and, in addition, an anniversary bonus of DM 1 per share of nominal value DM 50 for the financial year 1989.

The dividend will be paid on or after 29th June 1990 net of 25% withholding tax against submission of dividend coupon No. 8 as appropriate at one of the paying agencies listed in issue No. 118, dated 29th June 1990, of the German Federal Gazette, the "Bundesanzeiger". In accordance with the Double Taxation Agreement of 26th November 1964, as amended on 23rd March 1970, between the United Kingdom and the Federal Republic of Germany, withholding tax in respect of shareholders resident in the United Kingdom is reduced from 25% to 15%.

In the United Kingdom the dividend payment, which is free of charge, will be made in Pounds Sterling with conversion from Deutschmarks at the rate prevailing on the day of submission of the dividend coupon and will take place through the London offices of the following Companies:

S. G. Warburg & Co. Ltd., 33 King William Street, London EC4R 9AS.
Morgan Grenfell & Co. Limited, 23 Great Winchester Street, London EC2P 2AX.
The Board of Executive Directors
BASF Aktiengesellschaft
D-6700 Ludwigshafen/Rhine, June 29th, 1990

BASF

CenterParcs
CENTER PARCS U.K. PLC
£60,000,000

5% per cent. Guaranteed Convertible Subordinated Bonds 1988 due 1998 guaranteed on a subordinated basis by and convertible into bearer shares of Dfl. 1 in

CENTER PARCS N.V.
(with its Corporate Seat in Rotterdam, The Netherlands)

It is hereby announced to the holders of the above bonds that the audited annual report and accounts for the period ended 31 December 1989 of each of Center Parcs N.V., Center Parcs U.K. PLC and Center Parcs Limited are available and copies may be obtained from the following offices of the Paying and Conversion Agents to the issue:

PRINCIPAL PAYING AND CONVERSION AGENT
Amsterdam-Rotterdam Bank N.V.
Herengracht 597, 1017 CE Amsterdam.

PAYING AND CONVERSION AGENT
Bankers Trust Company Bankers Trust Luxembourg S.A.
1 Appold Street PO Box 807
Broadgate 14 Boulevard F.D. Roosevelt
London EC2A 2HE L-2450 Luxembourg

It is hereby announced to the holders of the above bonds that the registered and business address of Center Parcs U.K. PLC is Head Office, Rufford, Newark, Nottingham, and the business address of Center Parcs N.V. is Admiraliteitskade 40, 3063 ED Rotterdam, Netherlands.

This advertisement complies with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited.

UK COMPANY NEWS

Welsh Water braced for debate on charging methods

By Andrew Hill

WELSH WATER, which beat its flotation profits forecast by 24m in 1989-90, is bracing itself for a vigorous debate with the industry's economic watchdog about charging methods.

Welsh, one of the 10 water companies privatised last December, made £39.5m before tax in the year to March 31, compared with profits of £24.9m in 1988-89 and the prospectus forecast of £35.5m. A final dividend of 11.17p, in line with the prospectus figure, is recommended.

It is the only one of the 10 companies to have come down firmly against metering the water supply, and is phasing in a standard charge for domestic premises, a method which Mr Ian Byatt, director general of water services, considers unsatisfactory.

Mr Byatt said last week he was keen to encourage a public debate about alternative ways to the present system, based on properties' rateable value, which has to be replaced by the end of the century.

Mr John Elfed Jones, Welsh's affable chairman, said yesterday the former authority had strong consumer support for a flat charge, and that he



John Elfed Jones: objective look at discussion document could not justify spending £150m on universal metering in Wales.

"I'm very much aware that Ian Byatt doesn't wholly agree with our arguments, but we'll look objectively at any discussion document he produces," added Mr Jones.

Welsh's turnover during 1989-90 rose from £220m to £255m. If the industry's new capital structure had been in place at the beginning of the financial year, Welsh would have reported profits of £97m before tax and pro forma earnings per share of 61.7p, compared with forecasts of 59.3m and 58.9p respectively.

A charge of £5.3m was taken below the line covering privatisation and restructuring costs.

COMMENT

Welsh's patriotic chairman is keen to stress the buoyancy of his native land's economy. John Elfed Jones points out that his company already has a well-developed infrastructure in place, installed to supply the dwindling heavy industries of Wales, and now waiting to serve the country's newest commercial and industrial investors. Welsh managed to bring £2m of its large capital investment programme forward last year, on top of £100m forecast in the prospectus. This year capital expenditure should reach £70m, rising to £200m annually after that. Profits are likely to be fairly static this year, although further cost savings are possible, but Welsh's partly-paid shares, which rose 3p to 170p yesterday, still look reasonably attractive on a prospective dividend yield of more than 8 per cent.

J Rothschild halves directors' payments

By Nikki Taft

LORD ROTHSCHILD and fellow directors of J Rothschild Holdings, the quoted investment company, saw their aggregate remuneration halved last year.

According to the annual report published yesterday, directors' emoluments totalled only £1.23m, compared with £2.55m in 1988-89. The remuneration of Lord Rothschild, chairman, dropped from £579,000 to £245,000, while the highest paid director received £339,000, down from £302,000.

The previous year had seen a sharp increase in directors' remuneration, which prompted questions from shareholders at a subsequent EGM. At the time, Lord Weir, chairman of the remuneration committee, suggested that about one fifth of the sums received had constituted basic salary, with the remainder bonus payments.

A new scheme, however, was announced whereby the combined salaries of the executive directors would be reduced to a basic figure equivalent to approximately 25 per cent of their total 1988-89 remuneration. They could also receive additional bonuses.

In 1989-90, JRH saw fully-diluted net assets per share slide

from 186.5p to 170.8p. In the previous 12 months, there had been an effective increase, after adjusting for the demerger of RIT Capital Partners, of about 38.5 per cent.

Earlier this month, JRH revealed further demerger plans - spinning off half its assets into a unit trust, and retaining a smaller dealing and investment business, to be called St James Place Capital. Details were sent to shareholders yesterday.

Amongst the assets passing to St James Place are the 38.6 per cent holding in RIT, 12.4 per cent of Anglo (currently suspended), a 13.7 per cent interest in Cavenham Forest Products (subject to a put and a call option arrangement with RIT), and a 5.5 per cent interest in Sunningdale, which itself owns 29.9 per cent of Ranks Hovis McDougall. The documents estimate the cost of the reconstruction at £2.1m. They also state that the five executive directors of St James's Place Capital will receive basic salaries of £100,000, plus a share in a performance-related bonus pool.

Gold Greenlees styles itself for further success

A cautious approach has helped the agency buck the trend, Alice Rawsthorn reports

THE news from the motley assortment of advertising agencies and design companies that make up the marketing services sector has been so gloomy recently that last week's results from Gold Greenlees Trotter were a welcome relief.

At a time when so many other marketing services companies have announced plummeting profits or cashflow crises, GGT reported a healthy 49 per cent rise in pre-tax profits to £7.7m in the year to April 30. The profits advance has done little to revive its shares, which have fallen sharply since the marketing services sector slumped last summer. The shares were worth just 178p yesterday, little more than half their value of a year ago and almost the same as the flotation price in 1986.

Stock market sentiment is running so strongly against the sector that GGT will probably have to live with a low share price for at least another year. Together with other more cautious members of the sector - like the Lowe Group and Abbott Mead Vickers - GGT is paying the price for the excesses of the acquisitive companies such as Saatchi & Saatchi, VPI and the Post Office. GGT has exhibited a cautious approach to expansion ever since its earliest days on the stock market. The base of its business is still Gold Greenlees Trotter, its main London advertising agency, which is best known for bright, brainy TV commercials like its movie clip spoofs for Holsten Pils lager.

The agency is dominated by



Mike Greenlees: has identified a number of partners to form basis of push into Europe

Mr Dave Trotter, its charismatic creative director, who conforms to the advertising industry stereotype of the East End lad who grew up into a budding millionaire.

Gold Greenlees Trotter styles itself as an imaginative alternative to the multinational agencies for large advertisers. Its clients include blue chip companies like Cadbury, Pilkington and the Post Office. It has always been determined that any acquisitions should be compatible with the style of its original London agency.

Its expansion started with the acquisitions of Option One, a sales promotion and direct marketing company, and of BDH, a Manchester advertising agency. It then looked further afield to the US.

By the time GGT started searching for suitable US acquisitions, there were very few good agencies left to buy. Mr Mike Greenlees, joint chairman and chief executive, said that the advertising industries in the traditional centres of New York and Chicago looked "like Harvard after the sale with lots of 50-inch jackets and 22-inch trousers, but no decent suits."

GGT turned its attention instead to the regional centres, which were attracting a growing number of large advertisers drifting away from the north east. In 1988 it bought Babbitt & Raiman in Atlanta, and went on to acquire Martin Williams in Minneapolis and GSD&M in Texas.

GGT has since opened a new

agency for Babbitt in New York. In the longer term, it might open an office on the West Coast. In the meantime it is concentrating on drawing the four US agencies - all of which operate autonomously - into a loose network. They have already adopted their parent's financial systems and a common approach to media buying. Mr Greenlees said "very, very gradually" they would be encouraged to work together as a network and, eventually, to pitch for national accounts.

So far the US push has been successful. Some analysts were concerned when GGT geared itself up - with \$38m (£22m) of long term debt - to buy GSD&M and to refinance the other acquisitions. But a

strong performance from the US agencies and from the UK marketing companies compensated for static profits from its UK agencies last year. The London agency managed to maintain profits, but BDH in Manchester suffered from the problems of Cololort, once its biggest client, which recently went into receivership.

Costs have been cut by shedding staff at both agencies. In addition, GGT has closed or sold four small businesses in Manchester.

The UK advertising market is still sluggish, but Mr Greenlees said there had been an upturn in new business recently. The London agency is now pitching for accounts worth £35m.

Ms Sue Bailey, an advertising analyst at Warburg Securities, expects group profits to reach £8.5m this year. The share price is so low that this puts the prospective p/e at 8.5, roughly half the stock market average.

GGT is preparing for a new push into Europe. It has identified a number of partners. If all goes well it will eventually buy minority holdings and turn them into another loose network.

These loose networks will never really be able to compete against the established, multinational agencies, such as Saatchi or Young & Rubicam of the US. Mr Greenlees insists that GGT does not intend to try. Just as there is a role for the GGT style of advertising in the UK, he says, so there will be a role in the international marketplace.

Further fall for BICC shares

Shares in BICC, the UK cables and construction group, slipped a further 18p to 424p yesterday following Wednesday's announcement of a £177m rights issue of convertible capital bonds, plus plans to take an increased interest in

Grupo Espanol General Cable. The terms of the rights issue are 13 convertible capital bonds at 100p each for every 20 BICC shares held. The bonds are convertible at the option of the holder into new BICC shares after July 1, 1992.

U.S. \$75,000,000

Comerica Incorporated

Floating Rate Subordinated
Capital Notes Due 1997

Interest Rate	8 3/4% per annum
Interest Period	29th June 1990 28th September 1990
Interest Amount per U.S. \$50,000 Note due 28th September 1990	U.S. \$1,074.31

Credit Suisse First Boston Limited
Agent Bank

NOTICE TO SHAREHOLDERS

intrum justitia

Change of Registrar

With effect from 20th June 1990 the Registrars of Intrum Justitia N.V. has changed from Kredietbank S.A. Luxembourg to The Royal Bank of Scotland plc.

Holders of Registered and Bearer shares are asked to return their existing share certificates to the addressees listed below and will receive new share certificates in due course.

Registered Shares
The Royal Bank of Scotland plc
P.O. Box 435
8 Bankhead Crossway North
Edinburgh EH11 4BR
Scotland
F.a.o. Mr D. Gilchrist

Bearer Shares
The Royal Bank of Scotland plc
Registrar's Department
29 Gresham Street
London EC2V 7HN
England
F.a.o. Mr D. Ladd

AVESCO plc

(Incorporated and registered in England No. 1788363)

NOTICE TO HOLDERS OF BEARER SHARE WARRANTS OF ANNUAL GENERAL MEETING

Avesco plc (the "Company") has on 29th June 1990 posted to its registered shareholders the Annual Report and Accounts for the year ended 31 March 1990. Notice of the Annual General Meeting of the Company, to be held at Venture House, Davids Road, Chesham, Surrey TW20 1TT on Monday the 23rd day of July 1990 at 11.00 a.m., is included with the Annual Report and Accounts, copies of which and of the Forms of Proxy for use at the Annual General Meeting are available from the registered office of the Company or from the offices of Kempen and Co NV or Charterhouse Tilney the addresses of which are set out below.

Important notice to bearers of share warrants: You will not be entitled to attend or vote at the Annual General Meeting unless your Share Warrant and a statement in writing with your name and address is deposited on or before Tuesday 17th July 1990 at the offices of Kempen & Co NV, Herengracht 182, P.O. Box 1385, 1001 GB Amsterdam or at the office of Charterhouse Tilney, 1 Paternoster Row, St. Pauls, London EC4M 7DH. The Share Warrant shall remain so deposited until after the Meeting or any adjournment thereof shall have been held.

Registered Office: Venture House, Davids Road, Chesham, Surrey TW20 1TT

Dated 29th June 1990

By Order of the Board
NLS. CONN
Secretary



Anglia Building Society

£150,000,000 Floating Rate Notes 1996

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period 27th June, 1990 to 27th September, 1990 has been fixed at 15.0175 per cent. per annum. Coupon No. 16 will therefore be payable on 27th September, 1990 at £3,785.23 per coupon from Notes of £100,000 nominal and £189.26 per coupon from Notes of £5,000 nominal.

S.G. Warburg & Co. Ltd.
Agents

UK COMPANY NEWS

Caledonia advances to £35m but net assets slip

By David Owen

CALEDONIA Investments, the investment holding company which recently sold the bulk of its 31 per cent stake in British & Commonwealth Holdings for 475p per share nearly three years ago, yesterday reported a 38 per cent advance in profits for the year to March 31.

The group warned, however, that "we shall not see a repeat of last year's strong growth in investment income. As funds are switched from bank deposits to investments, it is most unlikely that they will return the high yields which it has been possible to earn on the money markets" it said.

Caledonia has prospered of late by retaining on deposit a significant proportion of its resources. The shares fell 2p to 372p.

All told, pre-tax profits climbed to £35.3m (£25.6m). Earnings per share advanced 32 per cent to 25.5p (19.6p). A

final dividend of 8p (6.5p) is recommended, making a total of 12p (10p) - up 20 per cent.

Net assets, by contrast, slipped by more than 7 per cent to £462.4m. This was partly due to the setting aside of a provision to cover the likelihood of a change in the taxation treatment accorded Caledonia's remaining B&C preference shares. Analysts have put the size of provision required at a minimum of £20m.

The changed treatment arises because of the probability that two outstanding redemptions totalling £164m (and related dividend payments) will not be paid by B&C but will be covered by pre-arranged bank guarantees.

Caledonia received the preference shares from B&C in 1987 in part-payment for the sale of its stake in the ill-fated financial services group. "We

must be thankful that the unfortunate developments at B&C have had a relatively small effect on our strong net asset position", Caledonia said yesterday.

The group has also made an "appropriate" provision against its investment in Berkeley House which it said had "proved to be disappointing."

COMMENT
Caledonia has received plaudits for extricating itself from the wreckage of B&C in such timely fashion. Nonetheless, the shares continue to trade at a more than 20 per cent discount to net asset value per share of 485p. This may appear tempting for the long-term player. But until the group's longer-term investment strategy becomes apparent, a decision to buy in would constitute a considerable act of faith in existing management.

Carclo earmarks further disposals as profits fall to £8.8m

By Clare Pearson

THE RESHAPING of Carclo Engineering continues with an announcement yesterday that, following the £21.6m disposal of the springs and forgings company announced in March, it plans to sell off more of its Woodhead division.

RSR, a distributor of springs for commercial vehicles, is earmarked for disposal having incurred deepened losses in the last financial year.

Carclo made the statement as it announced pre-tax profits slightly lower at £8.83m (£10.87m) on turnover of £111.6m (£108.7m). This was largely due to a poor performance by the Woodhead springs and forgings company now owned by Hoechst, the West German steel and engineering group. In spite of the profits decline, the final dividend is lifted to 5.55p making 7.1p (6.5p) for the year. Earnings per share stood at 15p (15.3p).

The Woodhead disposal has left Carclo with net cash amounting to 20 per cent, compared with net borrowings of 45 per cent, of shareholders' funds last year.

Mr John Ewart, chairman, said the company's "priority" this year was to reinvest the cash by making acquisitions of niche engineering businesses.

Last year springs and forgings made operating profits of £22.000 (£2.88m). RSE made a loss of £350,000 (£67,000). But the parts of Woodhead which have been retained did well, making £406,000 (£314,000). Wire was the star performer,

pushing ahead to £2.68m (£1.82m) on sales of £27m (£23.99m). This was because Bruntons, which had been suffering difficulties, sustained a much improved performance.

The card clothing division made £3.91m (£3.66m) on sales of £18.64m (£16.94m) amid difficult conditions in the textile industry. General engineering made £2.16m (£1.93m) on sales of £18.85m (£15.7m).

After the adoption of SSAP 24, there was a pension charge of £159,000 compared with a restated net charge of £129,000.

COMMENT
Shorn of Woodhead, Carclo will be hit by a rising tax charge, threatening earnings stagnation: a difficult background for a company as committed to big dividend increases as this one is. It therefore must move to make an acquisition, but it had better be a wiser one than was Woodhead, of which there were great hopes when it was purchased in 1986. It is therefore hard to see the shares, which rallied yesterday on these better-than-expected figures, moving much further ahead before this question is resolved. The company is, however, in the enviable position of having moved into a cash positive position at a time of high interest rates, which should help pre-tax profits move ahead to about £9.5m in spite of margin pressure this year. The shares stand on a prospective p/e of just under 8.5.

Sleepy Kids awake to legal battle

By Vanessa Houlder

SLEEPY KIDS, the cartoon company traded on the Third Market, yesterday said it would vigorously defend itself against the legal action being brought by its former licensing agent which it sacked last September.

Marketing/Trademark Consultants has served Sleepy Kids with a High Court writ and it is seeking "considerable damages" for the termination of the sole licensing agency

agreement which was signed in August 1988.

"We had an agreement and there were no grounds on which the agreement should have been terminated," said Ms Ellen Flood, a solicitor acting for MTC.

Sleepy Kids yesterday said that MTC was being "mischievous" and the claims were "wholly without merit". "There is no way we will settle unless they cover our

expenses," said Mr Martin Powell, joint managing director of Sleepy Kids.

Sleepy Kids has made a series of 13 programmes about a group of children and their dog Popswood, which are due to be screened in the UK in December.

MTC, a subsidiary of Ingleby Communications of the US, said it had been involved in licensing business for two years.

Sutcliffe Speakman rises 62%

IN SPITE of doubled interest charges, Sutcliffe Speakman increased pre-tax profits in the year to the end of March by 62 per cent from £1.86m to £3.01m.

The company said that the finance charge of £2.1m (£985,000) was the result of high interest rates on borrowings used for capital spending and the building of carbon stocks. The Lancashire-based company has interests in environmental engineering and the making of activated carbon.

It added that gearing would be reduced by the disposal of some non-core businesses. Turnover was £54.91m (£43.7m) and the taxable figure included the share of an associate's profits of £209,000 (£48,000). Earnings per share were 9.5p (7.8p) and the directors are recommending an unchanged single final payment of 2p.

Arthur Lee hit by operating expenses

A £3.4m increase in net operating expenses at Arthur Lee, the Sheffield-based steel and plastics group, resulted in a fall from £3.79m to £2.72m in pre-tax profits for the six months to March 31.

Turnover advanced to £63.43m (£59.27m), but expenses climbed to £60.53m (£55.14m), leaving operating

profits down at £3.38m (£4.12m). Of this figure, steel and related products fell to £2.5m (£3.5m), while plastics expanded to £379,000 (£255,000). Net interest payable doubled to £664,000.

Earnings worked through at 5.41p (7.75p). The interim dividend is lifted 0.1p to 1.65p.

96.5% acceptances for Laporte rights

The £144m rights issue by Laporte, the large specialist chemicals group, was almost fully taken up by shareholders.

The company said yesterday that acceptances had been received in respect of 96.5 per cent of the new shares, with the remainder sold in the market at a substantial premium.

The issue was priced at 425p per share, but the FT-SE 100 Share Index has gained over 150 points since the day before the cash call was announced. Laporte's shares were trading at 585p yesterday, down 12p.

Football fans desert Hardys & Hansons

Hardys & Hansons yesterday became the first brewery to blame the World Cup for a downturn in trade.

Mr Richard Hanson, chairman of the Nottingham-based brewing and hotels group, said that trade began to improve towards the end of March this year, but that improvement was halted in June - a result he cautiously attributed to the "less good" weather, the Community Charge and TV cover-

NEWS DIGEST

age of the World Cup.

Mr Hanson's statement accompanied the brewery's results for the half year to end-March which showed taxable profits ahead 18 per cent from £2.49m to £2.94m, an advance achieved on turnover of £11.47m (£10.89m).

Earnings worked through at 38.19p (32.38p) per share. Declared interim dividends are 11.2p (9.4p) per ordinary and 10.325p (8.525p) per deferred ordinary.

Recovery at Crossroads Oil

Crossroads Oil Group, the USM-quoted oil and gas exploration company, moved an operating profit of £85,165 in the year to end-March.

This compared with a loss of £417,418 before an exceptional charge of £1.7m last time, and follows a period of restructuring and expansion which included the acquisition of two exploration companies.

Turnover more than doubled from £441,646 to £990,498, but cost of sales surged to £143,332 (£41,514). Net interest payable totalled £178,199 (£38,713 receivable). After tax of £7,304 (£1,525 credit) the net loss was cut to £85,338 (£2,08m). The loss per share came to 0.28p (7.11p).

Sterling Publishing ahead 50% to £4.4m

Sterling Publishing Group, the USM-quoted trade and technical publisher which also owns DeBrett's Peerage, lifted pre-tax profits by 50 per cent to

£4.36m in the year to March 31.

The rise, from £2.91m, was struck on sales ahead 44 per cent to £26.45m (£17.64m). After tax of £1.31m (£98,000) and minorities of £355,000 (nil), earnings grew to 12.5p (10.25p) per share. The proposed final of 4.5p makes a total of 6p (4.5p).

Kleen-e-ze £0.55m in red at midway

Losses at Kleen-e-ze Holdings, the housewares distribution and direct marketing company, slowed in the first half of 1989-90, but the group still ended the period to March 2 with a pre-tax deficit of £548,000.

This loss compared with a £106,000 profit last time and a £2.88m loss for the full year.

Turnover showed a slight increase from £25.24m to £25.35m in the six months but interest charges were significantly higher at £25,000 (£66,000), while an exceptional charge of £70,000 this time consisted of redundancy costs.

There was again no interim dividend - last year's final was also omitted. Losses per share came to 8.39p (1.12p earnings).

Recovery under way at Wilding

Improved financial controls and a reorganisation programme helped Wilding Office

Equipment to partially offset pressure on margins and high interest rates.

In the six months to March 31, the group, which sells and services office equipment, achieved pre-tax profits of £729,000 - well down on the £1.51m in the corresponding period but ahead of the £508,000 recorded for the last full year.

Turnover expanded to £30.06m (£25.88m). After tax of £264,000 (£260,000) earnings per 10p share emerged at 2.9p (8p). The interim dividend is maintained at 1.8p.

Interest knocks Waterglade back

Waterglade International Holdings, the property developer, trader and investor, saw taxable profits shrink 12 per cent from £2.8m to £2.601m in the year to March 31.

Trading profits fell 19 per cent to £5.3m (£6.51m), but, with net rents receivable leaping to £2.17m (£496,000), operating profits were 7 per cent ahead at £7.47m (£7.01m). However, interest payable soared to £1.48m (£204,000) to depress the pre-tax figure. The preference dividend took £1.11m (£820,000).

Basic earnings were down at 13.31p (16.81p) and fully diluted at 12.27p (16.28p). A final dividend of 2.75p is recommended, for an increased total of 4.7p (4.5p).

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an invitation to the public to subscribe for, nor purchase, any security. Application has been made to the Council of The Stock Exchange for the Bonds and the Preference Shares mentioned below to be admitted to the Official List and nil paid dealings are expected to commence on 29th June, 1990.

BICC plc

(Incorporated in England and Wales with registered number 393826)

Rights issue of £177,124,955 10.75 per cent.
Convertible Capital Bonds 2020 of BICC Capital Finance Limited
at an issue price of 100p each
payable in full on acceptance

BICC Capital Finance Limited is a wholly-owned subsidiary of BICC plc (the "Company") incorporated in Jersey with registration number 47698. The Convertible Capital Bonds are guaranteed on a subordinated basis by the Company and convertible into 2 per cent, exchangeable redeemable preference shares of 1p each ("Preference Shares") in BICC Capital Finance Limited, guaranteed on a subordinated basis by the Company and exchangeable for new Ordinary Shares of 50p each in the Company.

The listing particulars relating to the above mentioned Bonds and the Preference Shares are available in the new issue cards circulated in the Extel statistical services and may be obtained for collection only during usual business hours up to and including 3rd July, 1990 from the Company Announcements Office, 46-50 Finsbury Square, London EC2A 1DB and during usual business hours on any week day (Saturdays and public holidays excepted) up to and including 13th July, 1990 from BICC plc, Devonshire House, Mayfair Place, London W1X 5FH and from:

S. G. Warburg & Co. Ltd.,
2 Finsbury Avenue,
London EC2M 2PA

Barclays de Zoete Wedd Limited,
Ebbgate House,
2 Swan Lane,
London EC4R 3TS

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

Hoare Govett Corporate Finance Limited,
4 Broadgate,
London EC2M 7LE

S. G. Warburg & Co. Ltd., Barclays de Zoete Wedd Limited, Cazenove & Co. and Hoare Govett Corporate Finance Limited are all members of The Securities Association.

29th June, 1990

This notice is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange")

Anglian Water Plc

(Incorporated in England and Wales under the Companies Act 1985 registered number 2306618)

Placing of
£100,000,000

5½ per cent. Index-Linked Loan Stock 2008
Guaranteed by Anglian Water Services Limited

(Incorporated in England and Wales under the Companies Act 1985 registered number 23066561)

at £101.703 per cent.,
payable in full on acceptance

The Council of The Stock Exchange has granted permission for the whole of the above Stock to be admitted to the Official List.

In accordance with the requirements of the Council of The Stock Exchange at least two market makers will be offered participation in the marketing of the Stock.

Listing Particulars of the Stock will be circulated in the Extel Statistical Service from 29th June, 1990 and copies may be obtained during normal business hours on any weekday (excluding Saturdays) up to and including 3rd July, 1990 for collection only, from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD and up to and including 12th July, 1990 from:

J. Henry Schroder Wagg & Co. Limited,
120 Cheapside,
London EC2V 6DS

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

Greenwell Montagu Gilt-Edged,
10 Lower Thames Street,
London EC3R 6AE

Anglian Water Plc,
Ambury Road,
Huntingdon,
Cambridgeshire PE18 6NZ

Dated 29th June, 1990.

TOKYO KEIKI CO., LTD.
NOW
TOKIMEC INC.

U.S.\$50,000,000 5½% GUARANTEED NOTES
DUE 1992 WITH WARRANTS

Notice is hereby given to the holders of notes, warrants, notes with warrants that effective from 1st September, 1990, TOKYO KEIKI CO., LTD. changed its corporate name.

Neither the notes, nor the warrants will be stamped or exchanged and will remain listed on the Luxembourg Stock Exchange under TOKYO KEIKI CO., LTD. followed by the new name of the company, TOKIMEC INC.

All further notice regarding the issue shall refer to both names. A complementary legal notice as well as the articles of incorporation of TOKIMEC INC. has been registered with the Greffe du Tribunal d'Arrondissement de et à Luxembourg.

ASSOCIATED JAPANESE BANK
(INTERNATIONAL) LTD. LONDON

CALLABLE NEGOTIABLE FLOATING RATE DOLLAR
CERTIFICATES OF DEPOSIT
US\$ 40,000,000 ISSUED 22ND AUGUST 1986
MATURITY 30TH AUGUST 1991

Euroclear code 17957 : Cedel Code 923 192

Notice is hereby given that the Associated Japanese Bank (International) Ltd., has duly elected to repay in the principal amount on 28th August, 1990 in accordance with the Early Redemption Provision of the said issue.

ASSOCIATED JAPANESE BANK
(INTERNATIONAL) LIMITEDMANAGEMENT EDUCATION
& DEVELOPMENT

The Financial Times proposes to publish this survey on:

24th July 1990

For a full editorial synopsis and advertisement details, please contact:

Michael Rowlands
on 071-873 3349

or write to him at:

Number One Southwark Bridge
London SE1 9HL

FINANCIAL TIMES

(LONDON'S BUSINESS NEWS NEWSPAPER)

DESKTOP PUBLISHING

The Financial Times proposes to publish this survey on:

25th July 1990

For a full editorial synopsis and advertisement details, please contact

Meyrick Simmonds
on 071 873 4540

or write to him at:

Number One
Southwark Bridge
London
SE1 9HL

FINANCIAL TIMES

(LONDON'S BUSINESS NEWS NEWSPAPER)

These securities have not been registered under the Securities Act of 1933.
This announcement appears as a matter of record only.



ECC Group plc

\$200,000,000

Auction Preferred American Depositary Shares

This financing has been arranged privately.

Goldman, Sachs & Co.

Merrill Lynch Capital Markets

June, 1990

LONDON STOCK EXCHANGE

Futures and downgrades hit equities

AN INCREASINGLY nervous UK equity market gave ground again yesterday in the face of further concerns over the outlook for corporate profits on both sides of the Atlantic. Turnover was higher but selection and much of the activity was led from a futures market trading itself for the expiry this morning of the FT-SE June future contract.

An attempt was made to move higher at first, on the back of Wall Street's overnight gain of nearly 20 Dow points, but London was also aware of a profits warning from American Telephone & Telegraph (AT&T), a development which fitted in only too well with the

Account Dealing Dates		
Option Dealings	Jun 28	Jul 5
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the mood in the UK market. Yesterday morning brought fresh downgrades by securities houses of profits forecasts, notably for UK companies, industrial company, and for TSB, the retail bank, following its trading report. Meanwhile, Burton, the UK retailer, suf-

fered a further loss, and other retail issues moved lower again behind Burton's warning on falling high street sales. Market uncertainty is now building up ahead of the interim profits reporting season.

But it was the futures market which provided the trigger for the downward turn in equities and set the pace for the rest of the day. The battle continued between two of London's leading securities houses to unwind often contrasting positions in the Footsie June future, which must technically match the underlying FT-SE Index at expiration this morning. The

shrinking premium on the June future dragged the index down by nearly 13 points yesterday before it steadied ahead of the opening of the new Wall Street session.

An early advance of 3.46 Dow points in New York proved no help to the London market, which crumbled away as the hectic interplay between the cash and futures resumed. The future premium had disappeared entirely by the time the futures market closed at 4.30pm.

The final reading showed the FT-SE Index at 2,355.7, a net fall of 17.8 as it slipped to its lowest level of the day. Some equity traders had a hard time

struggling to keep pace with moves in the futures; "the tail wagging the dog," commented one of them bitterly.

Seal volume increased from 389m on Wednesday to 448.1m yesterday with inter dealer business higher as futures contracts were unscrupled. Business was highly selective, however. TSB and Glaxo saw hefty trading but ICI barely reached the 1m shares level.

There was heavy turnover in the aerospace sector, with Daimler-Benz, of Germany, denying that it wanted a stake in British Aerospace and Rolls-Royce firmer on hints in the London market of impending engine orders.

Cookson weightings lowered

A REVERSAL was suffered by Cookson Group as several analysts cut profit forecasts. Mr Oliver Fear at BZW reduced his figure for the current year from £160m to £150m, saying that the market for titanium dioxide, used in paint, paper and plastics manufacturing, was difficult. This affects Cookson's 50 per cent owned associate Tioxide.

Mr David Ireland of Hoare Govett cut £15m off his forecast to £165m, adding that net debt would remain high and that the company's 8 per cent holding in Johnson Matthey was worth about £10m less than in December 1989. That holding is treated as a short-term investment in Cookson's balance sheet.

Traders said a meeting between Cookson and Goldman Sachs yesterday seemed to have done nothing to encourage the US house to push the stock. The shares weakened 17 to 20p, just a penny above the day's worst.

Bank disappointments High street bank TSB disappointed the market with interim results below expectations, resulting in a series of profits downgrades. However, the shares held up well as specialists anticipated the possibility of a takeover bid, as well as the proposed share buy-in.

TSB's pre-tax profits came out at £176m, up 7 per cent on last year's £164m, but a long way short of the market range of forecasts of around £185m to above £200m. The reported figures were badly affected by a sharp increase in provision for bad debts, up from last time's £26m to £36m.

Analysts moved quickly to lower expectations for the full year, with a figure of £360m pencilled in by some. Mr Robert Law at Shearson Lehman expects £370m, or earnings per share of 18p, for the year. He said the shares "look oversold" after the recent weakness against the sector and comparing the 5.9 per cent historic yield with 5.5 per cent offered by Abbey National.

The TSB share price slipped 5 to 13p while turnover expanded rapidly to reach 10m shares, twice that for any other high street bank stock yesterday.

Aerospace targets Aerospace issues were the targets for considerable speculation about share stakes, new

aircraft or engine orders, and buy recommendations from leading investment houses. Rolls-Royce commanded most of the activity, but British Aerospace was the front-runner initially on talk of stake-building by Daimler-Benz. The German group later denied having any such intentions.

The stories then switched to Rolls-Royce, whose shares were enjoying a good run after recent dullness. Possible links with Daimler-Benz were mooted earlier this year, and more probable reasons for the Rolls-Royce firmness were options-driven activity coupled with persistent support from two major investment banks.

BZW reiterated its strong stance on the shares at yesterday morning's meeting and Smith New Court will shortly issue advice of a similar nature. Reports of new orders for aircraft or engines, either for UK or US operators, were the cherry on the cake for both stocks.

Come the end of the session, Rolls-Royce was 6 higher at 22p after turnover of 7.7m shares, but BAE had retreated from a high of 56p to settle at 54p, inhibited finally by suggestions of more Tornado fighter cancellations. Volume totalled only 1.5m.

Glaxo resilient Glaxo benefited from analysts' responses to a presentation by Mr Ernest Mario, the company's chief executive, to institutions in Tokyo. Researchers in London focused on the declaration that 31 per cent of sales in 1990 would come from new products. This is a sharp change from Mr Mario's earlier forecast of 15 per cent.

Mr Ian White at Kleinwort Benson said this meant Glaxo was much more optimistic on drugs currently under development. He reiterated his buy recommendation on the stock. However, Ian Moore and Mark Hall at UBS Phillips & Drew drew negative conclusions. They said the figures implied that there would be no growth at best in sales of the company's anti-ulcer treatment, Zantac, the world's best-selling drug.

The company's financial year ends today and its accounts use year-end exchange rates, so profits forecasts can change as sterling fluctuates. The UBS team said it expected downgrades

conglomerate early yesterday at a price of 90p. This compared with an overnight level of 129p and, more significantly, with 346p only a week ago when the board warned that profits for the year ending April 1990 were unlikely to surpass the previous year's £33m. Analysts had been looking for around £35m.

The market has since been nervous amid speculation that the company's problems centre on its entertainment division. At one stage yesterday the shares halved in value to 85p, before steadying to close 48 down on the session at 77p. The company was believed to be discussing the situation with its financial advisers, and an early statement is expected. ICI continued to retreat on further consideration of several cuts in profit forecasts from analysts in the last three days. Traders said a US downgrading had triggered selling on Wall Street and the shares fell 19 more to 143p. Turnover was a solid 1.1m shares.

One stock to buck the market's weakness was Unilever. Dutch demand led the price of the NV in London 4 higher at 249p. The price firming a penny to 74p. Another was Rothmans International, climbing 7 to 76p following several days of weakness ahead of Wednesday's better-than-expected results.

The weakened after revealing annual profits below expectations and a trading statement, considered bearish by the market, on current prospects. The shares dropped 28 to 140p.

Sharply lower first-half profits brought Arthur Lee down 5 to 148p, but Carlo ignored news of reduced full year earnings and responded to the board's fairly confident message on the outlook, gaining 9 to 127p.

Davy Corporation ran into another sell recommendation, this time from Nomura Research, which believes the shares are "likely to languish for some time until market confidence is restored." The close was 2 easier at 203p.

Smith New Court placed 3.7m Fosco shares at 240p apiece to institutions in a bought deal. The block was the 4.4 per cent stake bought a year ago by Messrs Gilbert and Michael Scharf, the US brothers. Fosco slipped 10 to 240p.

Leigh Interests was given permission to operate its West Midlands clinical waste incinerator on a 24-hour basis and the shares firmed 4 to 345p.

There was no respite for a banks sector which has endured a series of big profits downgrades over the past few weeks. Barclays and Lloyds declined 7 apiece to 397p and 290p respectively, albeit in much reduced turnover, while NatWest eased 4 to 321p on 3m shares, and Midland 3 to 291p.

Abbey National were 3 higher at 208p, owing to switching out of the "big four" and TSB.

Insurance stocks made small progress at the outset but quickly succumbed to widespread selling pressure as takeover stories faded into the background. Composites, stimulated on Wednesday by a buy recommendation issued by one of the leading broking houses, turned tail. Double-figure losses were seen in Commercial Union, 515p, General Accident, 1125p, and Royal Insurance, 483p. In life, Prudential fell 6 to 231p.

The building arena provided some of the market's outstanding gains. News that County NatWest had included three of the housebuilders in its "core holding" list gave a big boost to Berkeley Group, which raced up 21 to 206p, and Barrat Developments, 3 ahead at 150p. BFB's results were at the bottom end of the range and analysts pared their current year estimates to as low as £100m. BFB shares, however, held at 239p.

Burton continued to plummet in the wake of Wednesday's warning on trading from the company and analysts' subsequent downgrades. The shares ended 23 lower at 126p, making a two-day fall of 38, or more than 28 per cent. Volume, at 15m shares, was almost double Wednesday's already busy trading.

Other stores were dragged lower, with GUS "A" off 25 to 102p, Kingfisher 10 easier at 647p, and even the defensive Marks and Spencer shedding 5 to 225p.

BICC were heavily sold and retreated 18 to 434p on further

FINANCIAL TIMES STOCK INDICES											
	June 28	June 27	June 26	June 25	June 24	Year Ago	High	Low	Since Completion	Low	Low
Government Secs	79.89	80.02	80.37	80.35	80.39	85.03	84.20	74.13	107.4	49.18	127.4
Fixed Interest	88.19	88.42	88.41	88.54	88.67	89.94	82.91	83.80	125.4	50.53	137.73
Ordinary Share	1887.8	1902.8	1902.8	1902.8	1902.8	1902.8	1902.8	1902.8	1902.8	1902.8	1902.8
Gold Mines	178.1	174.5	174.2	173.9	171.0	198.2	378.5	167.9	208.6	49.4	266.64
FT-SE 100 Share	2355.7	2375.5	2398.8	2398.5	2378.5	2182.0	2463.7	2104.4	2463.7	986.9	237.84
Ord. Div. Yield	4.91	4.87	4.81	4.80	4.84	4.84	4.84	4.84	4.84	4.84	4.84
Earning Yld % (full)	10.83	10.75	10.61	10.60	10.67	10.67	10.67	10.67	10.67	10.67	10.67
P/E Ratio (Price/Earnings)	11.19	11.27	11.42	11.44	11.38	11.38	11.38	11.38	11.38	11.38	11.38
SEAG Bargains 4.45pm	22,268	22,444	20,826	23,483	26,472	25,931	25,931	25,931	25,931	25,931	25,931
Equity Turnover (m)	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Equity Bargains	21,378	20,889	22,843	27,992	28,437	28,437	28,437	28,437	28,437	28,437	28,437
Shares Traded (m)	327.6	378.6	318.9	387.9	456.3	456.3	456.3	456.3	456.3	456.3	456.3
Ordinary Shares, Hourly changes	Day's High 1904.5	Day's Low 1887.8	Day's High 1904.5	Day's Low 1887.8	Day's High 1904.5	Day's Low 1887.8	Day's High 1904.5	Day's Low 1887.8	Day's High 1904.5	Day's Low 1887.8	Day's High 1904.5
FT-SE, Hourly changes	Day's High 2375.5	Day's Low 2355.7	Day's High 2375.5	Day's Low 2355.7	Day's High 2375.5	Day's Low 2355.7	Day's High 2375.5	Day's Low 2355.7	Day's High 2375.5	Day's Low 2355.7	Day's High 2375.5

TRADING VOLUME IN MAJOR STOCKS											
	Volume	Value	Day's Price change		Volume	Value	Day's Price change		Volume	Value	Day's Price change
ADT	1,195	1.33	0.01	Countrywide	654	3.32	0.02	MEPC	526	5.69	0.01
AGC	1,100	1.10	0.00	CVS	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGF	1,100	1.10	0.00	Delta	4,000	14.6	0.01	Marlin & Sonnet	12,000	20.00	0.01
AGI	1,100	1.10	0.00	Energy East	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGJ	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGK	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGL	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGM	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGN	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGO	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGP	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGQ	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGR	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGS	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGT	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGU	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGV	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGW	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGX	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGY	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGZ	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGA	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
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AGD	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGE	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGF	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGG	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGH	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGI	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
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AGQ	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGR	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
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AGG	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
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AGO	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
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AGX	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGY	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGZ	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
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AGB	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGC	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGD	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGE	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGF	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGG	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGH	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGI	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGJ	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGK	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGL	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGM	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGN	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGO	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGP	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGQ	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGR	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGS	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGT	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
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AGV	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGW	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
AGX	1,100	1.10	0.00	Energy West	1,000	1.00	0.00	Marlin & Sonnet	12,000	20.00	0.01
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INDUSTRIALS (Miscel.)—Contd.

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John J. ...

	Bid	Offer	+ or -	Yield
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Money Market Bank Accounts

RANVILLE

CROSSWORD

100

[illegible]

CANADA						1980		1980	
June 27	June 28	June 29	June 30	HIGH	LOW				
						SWITZERLAND		823.3 823.2 822.7 823.2 825.1 (54) 737.6 (274)	
						Suez Bank Ltd. (11/2/79)			
						TAWANNA			
						Weighted Price (10/4/74)		C1 4995.38 5294.12 5648.95 12495.34 (1872) 4995.38 (274)	
Index & Minors						3164.60		3134.80 3128.60 3154.10 3453.05 (41) 2970.80 (234)	
Composite						3519.30		3495.20 3474.20 3490.80 4007.47 (31) 3334.20 (15)	
Montreal Portfolio						1854.81		1804.61 1802.65 1802.65 2064.90 (31) 1720.25 (274)	
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TOKYO - Most Active Stocks

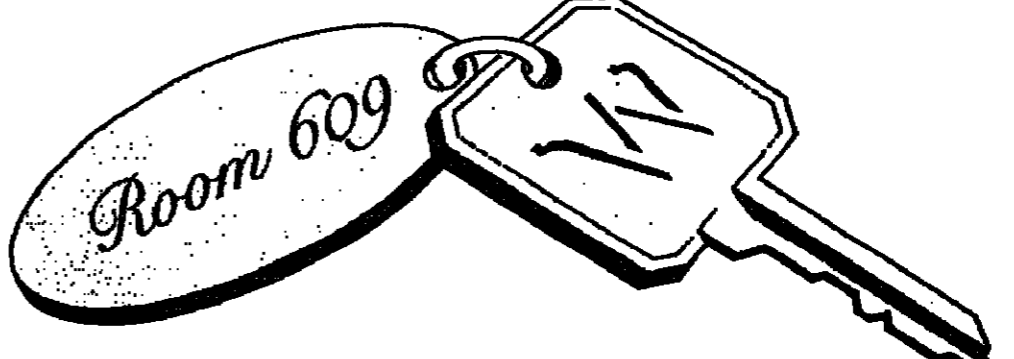
Thursday June 28 1990

	Stocks Traded	Closing Price	Change on day		Stocks Traded	Closing Price	Change on day
Jul Photo Film	4,650	1,400	-100	NKK	6,000	2,100	+100
Canon	11,400	1,800	-50	NEC	6,200	2,500	0
Yamaha	10,400	1,000	-50	Sanki Industries	6,000	2,700	+50
Yamaha Steel	8,700	550	-50	Honshu Paper	6,000	2,700	+40
Yamaha	8,700	550	-50	TDK	5,800	7,450	+130
YH	7,200	1,020	0				

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3pm prices June 28

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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Continued on Page 45

NASDAQ NATIONAL MARKET[illegible][illegible][illegible]

**3pm prices
June 28**

[illegible]

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AMERICA

Dow outlasts bad news as earnings season begins

Wall Street

RENEWED confidence in the stock market's ability to overcome bad news helped equities move narrowly higher yesterday morning, writes Karen Zagor in New York.

At 2 pm, the Dow Jones Industrial Average was up 11.14 at 2,873.27, after gaining 19.80 to 2,862.13 on Wednesday. Trading was light, with 79m shares changing hands by midday. Advancing issues led those declining by a ratio of seven to six.

The positive tone of the market was reflected in other indices. At 1 pm, the Standard & Poor's 500 was up 0.76 at 355.90. The stock market took some strength from early morning gains in the bond market. Traders were also encouraged by Wednesday's stock gains, which came in spite of disappointing earnings projections from AT&T. By mid-session yesterday AT&T was the most active stock, losing another 5% to \$38.74, after a fall of 32% on Wednesday.

As companies started to release their quarterly results, their earnings continued to have an impact on the stock market. ConAgra gained 3% to \$34 after reporting a 15 per cent improvement in fourth quarter net earnings to \$1.87 a share from \$1.63 a year earlier. LA Gear has more than

recovered the 31% that it lost on Monday. The company, which reported earnings of 51 cents a share on Wednesday, added 1% to \$28.4 yesterday after 1% the previous day.

Several technology and drug issues were higher, with Digital Equipment up 1% at \$84 and Merck \$1 higher at \$65.4.

NYSE volume

Daily (million)



The over-the-counter (OTC) market posted strong gains, with the NASDAQ Composite index up 2.27 at 459.16 at 1 pm.

Technology issues led the secondary market's advance. Apple Computer gained 1% to \$42.1 in heavy trading after being added to an analyst's buy list. Also on the OTC market, Medical Imaging added 5% to \$12.1 in active trading after the

secondary offering of 2.45m shares of its stock at \$12.4. Nike, the athletic shoe maker, surged 3% to \$76.4 after the company revised its fourth quarter earnings estimates to between \$1.70 and \$1.75 a share, from forecasts of \$1.50 to \$1.60. The company attributed its improved outlook to a lower-than-expected tax rate and a revision of its last-in-first-out inventory reserves.

Trading in Caterpillar was calmer after the hectic activity at the beginning of the week, when the company's share price plunged more than \$11 in two days after Caterpillar released a lower earnings forecast. Yesterday, Caterpillar was unchanged at \$52.4.

Canada

AFTER SHARP opening gains, Toronto stocks turned mixed by mid-session. Volume continued to be light. The composite index rose 12.5 to 3,531.8 on volume of 11.7m shares. Declines led advances by 231 to 181. The gold index jumped 47.71 to 915.1 after bullion futures firms.

Among gold shares, Corona was flat at C\$7, Euro-Nevada gained C\$4 to C\$13.4, Placer Dome rose C\$4 to C\$17.4, and Laclede Minerals lost C\$3 to C\$10.4. Laidlaw rose C\$2.6, recovering some ground lost on Wednesday following the resignation of its founder.

Sighs of relief breathe life into Philippines

A spate of encouraging news has included the absence of a coup, writes Rexie Reye

THE MANILA stock market is so familiar with coup attempts that, when a feared overthrow did not happen during the recent Independence Day celebrations, shares rose with a sigh of relief.

A peaceful Independence Day on June 12 served as a catalyst for overseas and domestic investors to step back into the stock market, which had been in decline since a failed coup last December.

The Manila composite index had fallen to 740.31 on June 6, 47 per cent below the record high of 1,396.36 on November 20, 1989, and just above the December 1988 low of 739.7. Since Independence Day, the composite index had risen to reach 945.58 on June 23. It closed yesterday at 895.41 after some profit-taking.

The market's fall since November was not just a reaction to the attempted coup on December 1, says Mr Ramon Vicente Cabliging of Sun Hung Kai Securities. A dilapidated economy had led to forecasts of poor corporate earnings, while an electricity crisis crippled both industry and services in

April, a month of peak demand as the hot weather increased the use of air conditioning.

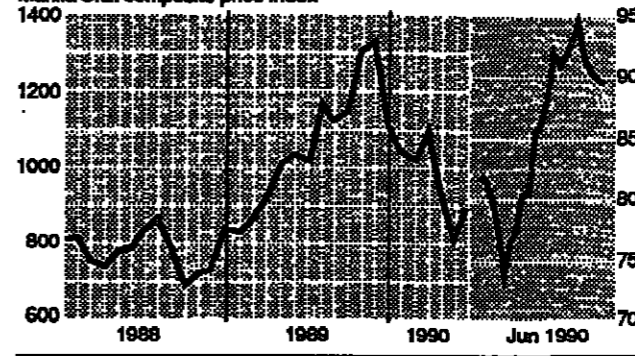
On the political front, Filipinos faced the worry that the US might withdraw its military bases, which account for about 1 per cent of the country's gross national product.

The shaky political conditions and the severe power cuts prompted a sharp drop in foreign investment in April. The Philippine Securities and Exchange Commission reported last week that foreign equity placements in domestic stock corporations dropped 63.6 per cent to 251.2m pesos in April, from 690.3m pesos in March and compared with 602.1m in April last year.

But a spate of encouraging news emerged in the run-up to the Independence Day celebrations, says Ms Rachel Hill of James Capel. The US agreed to pay up the amount of money asked by the Philippine Government to keep their bases open. Power cuts were reduced from four hours to two hours as the rainy season started, allowing hydro-electric power generation to recommence. In addition, a much-needed turn-

Philippines

Manila S.E. composite price index



bine finally arrived.

President Corason Aquino's launching of a multi-sectoral political movement called the "Kabisig," meaning "linked arms," to speed up the implementation of the Government's economic reforms, provided another boost for the market. The issue of an arrest order for Mr Eduardo Cojuangco, a close associate of the deceased Philippine dictator Ferdinand Marcos and an estranged cousin of President Aquino, was taken as a sign that the Government

was at last dealing firmly and decisively with rebel army forces.

Many analysts feel that the market has discounted all the good news for now. "We have had the big reaction," says Mr David Bates of First Pacific Securities. But he adds that the market's recent rally will inspire more confidence from overseas investors, who last dealt seven months ago.

There is lingering scepticism about the Government's ability to stimulate economic growth.

And the start of a two-year political campaign before the 1992 presidential elections is likely to put a lid on the market's upside potential.

Last week the Government approved a two-year economic programme designed to revitalise the economy, battered by repeated coup attempts, and set it on a new course by reducing protectionism and lowering interest rates.

Mr Bates fears that domestic lending rates may rise to 30 per cent in the next quarter. The Government is unlikely to attain this year's goals of bringing rates down to about 20 per cent and inflation down to 13 per cent. Inflation is currently above 18 per cent, mainly due to higher crude oil prices and an increase in the cost of food in the region.

Investors will retreat to the sidelines in the second half of the year as candidates for the 1992 presidential elections come forward, says Ms Hill. They are certain to stay away once the election campaigns begin in 1991, except for the occasional sortie as trading opportunities appear.

EUROPE

West Germans and French endure a see-saw session

A SEE-SAW session for Frankfurt and Paris left the former slightly lower and the latter almost unchanged. Most other bourses moved higher, however, with Milan making the most convincing rise, writes Our Markets Staff.

FRANKFURT had another day on the switchboard, alternating between the ups and downs. After a rise of 9.15 to 806.71 in the FAZ index at mid-session, the DAX closed 6.39 lower at 1,895.17.

Allianz led the market up at the outset, gaining 1.2% to DM8.80 to DM2.850 after it won a battle with a consortium of five other insurers for a 51 per cent stake in a big East German joint venture. However, it closed unchanged at DM2.780. Siemens went as high as DM76.50, following Wednesday's statement on expansion across the eastern border involving more than 30 projects; but it, too, subsided, ending DM65.20 down at DM73.10. Banks mostly held firm, as the Bundesbank kept its credit policies unchanged at yesterday's meeting, and its average bond yield fell by one more basis point to 8.88 per cent.

Mr Charles Mencher of brokers Carnegie International reckoned that the bond market was looking good, with long-term government bonds yielding 8.7 per cent and equities at a 2.1 per cent return, indicating a reverse yield gap of 6.6 per cent. Alternatively, a real return on bonds of 6.4 per cent after allowing for the current 2.3 per cent inflation rate.

This, he expected, would show in bond prices, especially if East Germans proved less spendthrift than expected after monetary union on July 2; that would filter through to equities later, perhaps in August.

In the meantime, there is the occasional tremor, with Bayer falling DM5.10 to DM79.20, a big move for the chemicals sec-

tor, after one large institutional sell order: BASF eased DM2.20 to DM2.91.80 after reporting a 4 per cent drop in half-year sales.

Continental, the tyre-maker, tumbled another DM0.50 to an ex dividend DM30.1 following its prediction of lower profits, and the failure of a move to abolish the group's 5 per cent voting-right limitation.

MILAN rose in an extension of the after-hours mood on Wednesday. The Comit index added 5.92 to 752.19 with the pre-close stars still in the ascendant.

Set put on another L130 to L7,130 on restructuring prospects in the Italian telecommunications market, and Mediobanca rose another L500 to L21,400. Dr Roberto Morelli of County NatWest said that the Milan-based merchant bank had survived last week's rumours that there might be interference in its relationship with its shareholding banks; it is also, like Stet, a foreign investors' proxy for commitment to Italian equities.

PARIS ended little changed in fairly quiet trading, after opening weak and strengthening by mid-session. The CAC 40 index closed at 2,538.41, up 1.45 after hitting a day's high of 2,552.80 and a low of 2,528.26. Turnover was estimated at FF2.2bn compared with Wednesday's FF2.1bn.

Michelin recovered a little after last week's plunge, rising FF2.70 to FF2.103, but the rebound was technical rather than fundamentally based. Metaleurop, which fell sharply the previous day, eased another FF1 to FF1.69. Générale des Eaux, the water, waste management and energy group which gave details of its already announced FF4.6bn bond issue with warrants attached, lost FF2.20 to FF2.620 in heavy trading, with 41,090 shares traded. Total, the state-con-

trolled oil group, saw its shares lose FF1 to FF1.694 and its certificates drop FF3.50 to FF1.15. ARS it announced the terms of its FF7.7bn issue of convertible perpetual bonds to the state.

MADRID again rose on the back of its banking sector, with the general index gaining 1.46 to 2,851.5. ARS it announced the terms of its FF7.7bn issue of convertible perpetual bonds to the state.

AMSTERDAM finished mixed, with a few individual stocks providing the excitement. The CDS Agency index rose 0.3 to 121.4 in quiet trade.

Van Ommen Cetec, the diversified transport company, remained active, with an estimated 1m shares traded. The stock gained FF1.40 to FF1.47. Speculation continued to surround the company, but it claimed that it was not in takeover talks and did not plan to sell any divisions.

Among blue chips, Phillips slipped 30 cents to FF1.30 before its 30th shareholders' meeting on Monday.

STOCKHOLM advanced in moderate trading, with the Affarsvarlden General index gaining 9.5 to 1,302.6 in turnover of SKr2.5bn. Astra rose 3 shares to SKr15 to SKr160. Agn's free Bs gained SKr10 to SKr300 on an analyst's forecast of a profits rise of 30 per cent this year.

ZURICH set a good tone, although the Credit Suisse index rose only 1.3 to 665.5. Holzstoff registered added another SF2.25 to SF5.475 on the paper-maker's decision to open this class to foreigners. BRUSSELS eased in light trading, the cash market index closing 12.41 lower at 6,251.49.

ASIA PACIFIC

Monetary tightening fears depress Nikkei

Tokyo

A FALL in bond prices yesterday discouraged investors in the equity market, and share prices retreated as profit-taking set in, writes Michiko Nakamoto in Tokyo.

The agreement under the controversial Structural Impediments Initiative (SII) that there should be a substantial boost to public investment fanned fears of a tighter monetary policy. This led to weakness in bonds, which in turn spilled over into equities.

The Nikkei average closed with a loss of 206.56 at 32,106.19, after moving between a high of 32,338.83 and a low of 31,931.15. Declines outscored rises by 517 to 440 and a further 167 issues were unchanged.

Shareholders' meetings kept investors cautious; "you never know what will happen at these meetings," said one foreign analyst. The announcement that a director of Kokusai Kogyo, a leading aerial surveying contractor, would resign, helped Kokusai's share price gain a net Y80 to Y2,400. The director

banks, real estate companies and the heavily capitalised steels and shipbuilders.

Sumitomo Bank was down Y80 at Y2,470, while Mitsubishi Estate also shed Y10 to Y1,600. Nippon Steel lost Y12 to Y559 on the day's third highest volume of 10.4m shares and NKK retreated Y14 to Y601.

High-priced high technology stocks with good earnings prospects remained in demand. Fuji Photo Film topped the active list with 13.1m shares and gained Y30 at Y4,650. Sony added Y100 to Y8,970 in active trading. YTD rose Y130 to an all-time high of Y7,450.

Shareholders' meetings kept investors cautious; "you never know what will happen at these meetings," said one foreign analyst.

The announcement that a director of Kokusai Kogyo, a leading aerial surveying contractor, would resign, helped Kokusai's share price gain a net Y80 to Y2,400. The director

had won his position by building up a large stake in Kokusai. Early in the day Kokusai's share price had slipped Y70 to Y2,250 on concern that the shareholders' meeting would not be able to force the resignation of the director.

Osaka was unaffected by the gloom in Tokyo and the OSE average climbed 318.47 to 35,573.38. Volume amounted to 68m shares, against the 78m traded on Wednesday.

Roundup

THE REGION saw temporary relief from one stock exchange disaster because of more basic fears. This was on the TAIWAN exchange, which closed for the day on the approach of Typhoon Percy. There was also the promise of more extended surcease, as Taipei's Securities and Exchange Commission said that it would allow four new funds to raise a collective

TS20bn to stabilise plunging share prices.

SEOUL, another recent stock market disaster area, got its own stabilisation fund after the composite index dropped 26 per cent to 688.66 between January 4 and April 30. To begin with it worked and the index rallied to 814.40 by June 4.

In the past three weeks the magic, and the money, seems to have run out. The index fell another 7.37 to 722.64 yesterday in thin volume of Won125bn. Individuals sold, institutions sat on the fence and the stabilisation fund, which has been the only buying force in recent sessions, also remained inactive - due in part to its low cash level.

SINGAPORE shrugged off Wednesday's excitement, and profit-taking near the close brought the Straits Times Industrial index down by 1.52 to 1,531.73.

There was concern that foreign buying might have been

the primary impetus behind Wednesday's rally, following the Government's announcement that it would raise the ceiling for foreign ownership of shares in local banks. Traders feared that it would dry up once the new ceiling of 40 per cent on foreign ownership was reached.

AUSTRALIA eased in trading dominated by Woodside Petroleum after BHP sold a 30 per cent stake. The All Ordinaries index fell 10.0 to 1,494.2 in turnover of 530m shares, valued at A\$1.93bn, up from Wednesday's 121m shares.

Barclays De Zotte Wedd Australia bought the Woodside stake of more than 200m shares at A\$2.62 each, for a total of A\$526m, and sold them to a wide group of institutional and portfolio investors. BHP had announced it was selling the stake in January.

Woodside fell 16 cents to A\$2.74 and BHP closed 8 cents lower at A\$9.28.

All these securities having been sold, this announcement appears as a matter of record only.



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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/World Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JUNE 27 1990								TUESDAY JUNE 26 1990								DOLLAR INDEX	
	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1980 Low	1980 High	Year ago (approx)		
Figures in parentheses show number of lots of stock																		
Australia (80)	140.77	-0.5	118.78	137.39	121.79	118.77	-0.8	5.86	141.43	120.82	138.70	122.91	119.75	158.31	125.85	131.45		
Austria (19)	259.81	+1.4	220.89	253.38	224.80	224.15	+0.4	1.20	259.96	218.66	251.04	222.44	223.17	255.63	193.15	119.67		
Belgium (61)	151.33	+0.8	128.78	147.89	130.52	127.45	+0.4	4.33	150.10	128.22	147.20	130.40	125.96	160.02	132.11	121.80		
Canada (119)	136.33	+0.7	115.99	133.05	117.33	115.60	+0.5	3.51	136.45	115.70	122.82	117.69	115.04	153.61	130.37	140.69		
Denmark (33)	260.61	+0.8	221.74	254.36	225.46	224.28	+0.0	1.28	258.43	220.77	253.45	224.58	224.25	261.19	236.69	199.67		
Finland (26)	134.20	+0.3	114.18	130.98	116.10	110.22	-0.7	2.49	133.88	114.35	131.29	116.33	110.95	152.29	129.89	139.51		
France (124)	160.86	-0.3	138.86	156.98	139.15	141.05	-0.6	2.16	161.29	137.78	139.13	140.15	141.87	166.85	141.59	118.81		
West Germany (93)	134.03	+0.6	114.04	130.83	115.95	115.95	+0.2	1.93	132.18	113.77	130.83	115.73	115.73	137.71	122.05	121.80		
Hong Kong (48)	135.61	-0.2	115.39	132.36	117.33	115.60	-0.2	4.63	135.95	116.13	133.32	118.14	135.88	135.95	112.24	92.99		
Ireland (17)	189.92	+0.5	161.51	185.26	164.21	166.18	+0.0	2.64	189.92	161.39	185.28	164.17	166.12	196.57	172.72	134.34		
Italy (86)	107.40	+0.1	91.39	104.62	92.91	97.82	-0.3	4.00	107.31	91.58	105.24	93.29	95.06	105.29	91.85	83.72		
Japan (145)	146.52	+2.3	124.66	143.00	126.77	143.00	+1.8	0.59	143.19	122.53	140.43	124.45	140.43	157.34	124.40	121.80		
Malaysia (35)	230.64	+0.3	196.24	225.09	199.52	240.72	+0.3	2.25	229.96	196.45	225.52	199.83	240.10	245.32	204.15	180.74		
Mexico (13)	506.11	-0.9	430.62	493.96	437.84	1595.37	-0.8	0.33	510.92	436.46	501.07	443.99	1597.63	549.86	324.53	261.98		
Netherlands (48)	141.96	-0.2	120.79	136.55	122.81	121.39	-0.4	4.54	141.67	121.03	136.54	123.12	121.52	145.66	130.43	120.45		
New Zealand (17)	65.01	-0.8	55.31	63.46	59.24	58.74	-0.8	7.55	65.36	56.01	64.30	59.98	59.24	75.38	58.57	65.58		
Norway (23)	235.85	+1.1	200.67	230.19	204.04	204.95	+0.7	1.47	233.35	199.35	228.89	202.79	203.58	245.90	202.34	188.55		
Singapore (25)	204.84	-0.1	174.29	199.92	177.21	174.07	-0.1	1.94	204.95	175.08	201.00	178.10	174.16	207.93	179.70	160.59		
South Africa (60)	72.24	+0.3	146.15	168.10	148.00	152.12	+0.3	9.92	72.80	147.82	168.47	160.12	168.47	170.00	151.35	106.59		
Spain (42)	169.54	+0.8	144.25	165.48	146.67	131.46	+0.1	4.06	168.23	143.71	164.96	146.19	131.33	168.54	132.84	108.26		
Sweden (34)	223.41	+0.6	190.09	218.05	193.28	199.35	+0.3	2.03	221.55	192.77	217.26	192.54	198.88	224.41	173.89	146.15		
Switzerland (66)	105.31	-0.1	89.80	102.79	91.16	91.86	+0.1	2.24	105.37	90.01	103.34	91.58	91.78	103.75	86.75	86.75		
United Kingdom (304)	187.50	-0.6	142.52	163.46	144.89	142.52	-1.0	4.76	188.46	143.81	162.50	143.68	143.91	166.46	139.87	117.87		
USA (537)	143.52	+0.8	122.11	140.08	124.17	143.52	+0.8	3.39	142.35	124.19	139.91	123.71	142.35	148.55	140.91	142.90		
Australia (911)	160.92	+0.0	128.41	147.29	130.56	129.13	+0.4	3.63	150.87	129.97	148.06	131.20	126.69	150.97	135.57	118.57		
Nordic (118)	209.83	+0.8	178.53	204.79	185.63	176.59	+0.2	1.70	208.08	177.76	204.07	180.83	176.22	209.63	165.01	161.86		
Pacific Basin (699)	145.82	+2.1	124.07	142.22	126.16	141.55	+1.7	0.91	142.90	121.99	140.09	138.25	129.49	162.73	124.63	109.32		
Asia (1840)	145.82	+2.1	124.07	142.22	126.16	141.55	+1.7	0.91	142.90	121.99	140.09	138.25	129.49	162.73	124.63	109.32		
North America (556)	142.99	+0.8	121.86	139.57	123.72	141.67	+0.8	3.40	141.83	121.16	139.12	123.29	140.54	147.87	131.02	127.37		
Europe Ex. UK (577)	139.40	+0.3	118.61	136.08	120.82	120.75	+0.1	2.73	139.56	118.71	135.31	129.79	120.85	138.50	124.51	104.41		
Pacific Ex. Japan (206)	136.78	+0.8	116.38	133.51	118.34	121.62	-0.5	0.54	137.25	117.25	134.62	119.28	122.24	139.32	122.63	111.86		
World Ex. US (1832)	148.33	+1.2	126.21	144.78	126.33	186.92	+0.8	2.06	146.81	125.24	143.79	127.41	135.99	173.77	131.30	149.02		
World Ex. Japan (1995)	148.33	+1.2	126.21	144.78	126.33	186.92	+0.8	2.06	146.81	125.24	143.79	127.41	135.99	173.77	131.30	149.02		
World Ex. So. Af. (2308)	145.34	+1.1	123.66	141.78	128.74	138.87	+0.8	2.50	144.80	122.85	141.04	128.97	137.79	161.84	131.95	142.22		
World Ex. Japan (1919)	146.42	+0.4	124.58	142.92	126.66	137.09	+0.2	3.61	146.52	124.57	143.03	126.74	136.75	147.88	134.82	127.41		
The World Index (2296)	145.50	+1.1	123.90	142.01	125.88	138.96	+0.8	2.51	143.88	123.00	141.21	125.13	137.89	167.06	129.25	142.47		

RECRUITMENT

JOBS: Recruiting top people in one way and their juniors in others is blinkered snobbery

Time to cut headhunting down to size

ANYONE seeking an example of grim irony need only consider what looks to have been Europe's first formal measure to promote social equality in practice. It was the proposal in October 1979 of a single method of executing the death sentence for all classes.

Previously, excepting special treatment for crimes such as treason and sorcery, the guillotine had been beheaded and everyone else hanged. The proposal to upgrade the lower classes to the guillotine was made by Dr Joseph Guilloin who although he seemed mechanical execution, did not design the guillotine. (England had gone the other way earlier, relegating the nobles to hanging after 1745, but apparently without any comparably formal decision.)

Also, such enlightened concern for equality in ways of dispatching people has not extended to more modern attitudes to recruiting them. For in recent years there has grown up a legend that the best way of filling high-ranked positions is different from the methods used lower down.

For top jobs, the preferred means is executive search, in which consultants acting for the employer first identify suitable people, and then

personally ask them if they would be interested. Although vulgarly known as "headhunting", search is considered far superior socially to open-market recruiting methods such as advertising which require job-seekers to put themselves in the seller's position by applying.

The snobbery now associated with the search technique seems to have had no part in its origin. The first user - according to Jim Kennedy of Executive Recruiter News in the United States - was Rawl Deland, of the Thorndike Deland consultancy, in America in 1926. The reason the technique caught on was evidently that US companies wanted to spread their recruiting nets widely, but lacked a nationally circulating press in which to advertise.

There was no such lack in Britain where search arrived some 30 years later. The prime rationale for using it here was simply that it was the most effective way of recruiting for the highest jobs. And the high-falutin image has stuck to the technique as it has spread to many other countries likewise equipped with a national press.

In some of them search goes on despite being technically illegal. West Germany is one instance. A second, oddly enough, is France which apparently bans selective hunting of heads although it has ceased to license their unbiased removal. (The guillotine was last used in 1977, but capital punishment was not voted out until four years later.)

Gauging the spread of the technique is difficult because search itself has fallen prey to class-distinction. In the pukka "retainer" kind, the consultants are still paid a sizeable sum if they fail to fill the vacancy. When they succeed they typically charge about a third of the recruit's starting salary. In the less patrician "contingency" type, the consultants get nothing unless they deliver the goods.

The retainer variety alone is estimated by the stockbrokers James Capel to have pulled in roughly £1.5bn in 1988. That represented some 5 per cent of the nearly £38bn worldwide market for recruitment services including the supply of temporary staff. Another

£1.8bn, or 6 per cent, was collected by two other sorts of operators - contingency searchers, and the selection consultants who advertise jobs then pare down the entries to a short-list for the employer.

Other evidence nevertheless indicates that searchers of both kinds fill only a very small share of job-openings at management level. An example is a report just published jointly by the Cranfield Management School and Price Waterhouse on research covering almost 6,000 organisations in France, West Germany, Spain, Sweden and the United Kingdom.

Most of them recruit by a range of methods, not least internal promotion, the report says. In all but Spain, however, organisations use external advertising more widely than any other form.

In some cases its lead is 25 per cent. Internal appointments top the managerial league in Spain, and are second in the UK and Sweden. Recruitment agencies, as distinct from both search and selection consultancies, are the r

ecommendation more than outside advertising which, nonetheless, is apparently used about twice as often as consultants of all kinds.

It admittedly remains possible that search consultants rule the roost over advertising on the minority of executive perches at the top. If so, however, the legend that their technique is dominant in high places is still not confirmed. Up there, for instance, the old boy net functions well in a good many countries besides Britain, although their employers may be less candid than the Spaniards about its use.

Who knows how many senior jobs are filled by amateur search? Even so, however big or small the professional variety's share of the market, its effectiveness is beyond doubt. The only important question is where it is effective and, in particular, whether it is best used for jobs which are senior as simply distinguished from those of lesser height.

Reason, at least, suggests otherwise. It seems clear that search is most advantageous when the skills and experience needed to do the work well are possessed by only a

few readily identifiable people. While that may often be true when a top executive is wanted, it is also true of numerous junior staff. Underwater welders fluent in Arabic as well as English are one of many cases in point.

On the other hand, when large numbers of people can be expected to have the right experience and skills, the wider ambit and scope for serendipity of advertising come into their own. And that applies to a lot of high-rank jobs - including running big bureaucratic outfits - besides most subordinate posts.

So the simple use of seniority as a criterion for choosing recruitment methods is surely mistaken, if not consciously snobbish to boot. Fortunately reason seems to be exerting itself on the consultants' part, at least. Over the past few years, several of the pukka searchers in Britain have formed subsidiary advertisement-based selection companies.

Perhaps significantly, however, they have typically set up their offshoots in separate premises under names not easily identifiable with those of the parent concerns.

So it is far from sure that their branching means they will henceforth be impressing on their company clients that the seniority criterion is flawed.

They may just be using their contacts with high-rank simpletons who come to them as searchers, to profit by recruiting on the downside of the snobbish cut-off as well.

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Our client is a prominent international banking group with an excellent reputation in the UK corporate market where it provides both commercial and investment banking products to companies across a broad range of sectors. Due to recent significant growth and anticipated further expansion in certain areas of secured lending an additional Account Manager is required to assist in the management and development of a growing loan portfolio.

The ideal candidate, aged 27-35, is most likely to be a generalist, well grounded in the negotiation, preparation and documentation of secured credit proposals and ready to take on a more senior account relationship and development role. Whilst you will be working initially within the hotel finance team, as a member of the Corporate Division as a whole you should be confident in your ability to take on a broader role where required. With this in mind some exposure to structured transactions will be advantageous.

If you are interested in hearing more about the scope that a major group such as this can offer both in the UK and overseas, contact Loretta Quigley on 071-489 9494 (fax 071-236 6716) or 081-693 8614 (evenings), or write to 72 Grosvenor Court, Bow Lane, London EC4.

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UK Investment Analyst

City based

Sun Alliance Investment Management Ltd. is the investment arm of the Sun Alliance Group - one of the UK's largest and most progressive insurance companies.

Our Investment Company manages growing portfolios totalling about £12 billion with UK Equity investments accounting for some £4 billion. We now have a vacancy for a UK Investment Analyst to join an expanding team.

Ideally aged in your mid twenties, you will be an articulate graduate in either Economics, Law or a business related discipline. You will also need to have at least two years' experience in UK investment analysis, to enable you to assist with the management of a diverse range of investments for our general insurance, life, pensions and unit linked funds.

Good prospects exist within the Analytical and Fund Management areas and as you would expect there may be opportunities to diversify into other investment areas in due course.

In addition to an attractive salary, we offer a first-class range of large company benefits including a non-contributory pension scheme, subsidised restaurant, season ticket loans and, where appropriate, mortgage assistance.

Please either send your own CV or telephone or write for an application form to: Margaret Williams, Senior Staff Relations Adviser, Sun Alliance Group, 1 Bartholomew Lane, London EC2N 2AB. Telephone: 071-586 2345 ext 1465.

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In a period of almost total change in insurance markets, our client is responding in the most innovative and forceful manner to ensure they capitalise on the massive growth potential in the UK and Europe.

The company has recently established the strategy, systems and market led infrastructure to drive the business towards the opportunities arising from the Financial Services Act, 1992 and other legislation. As a major part of this strategy, the company, now part of one of the world's largest insurance groups, is relocating from London to the Glasgow area where good technical and administration staff are still available.

The company, with 100 years of expertise and success, provides a range of individual and group insurance products, including healthcare, pensions, life assurance and unit trusts.

They wish to recruit a qualified actuarial team reporting to the Chief Actuary to provide the advice control and management input to these products and seek three young talented actuaries with good commercial judgement, who will relish the challenge of developing their career in a totally new environment.

Opportunities are unlimited and with a new management team recruited from the top levels of financial services, development will be fast and market led.

To apply in confidence, please send a detailed CV including salary requirements to Douglas Kinnaird or telephone his secretary for an application form quoting the appropriate reference. PA Consulting Group, Number Two Blythwood Square, Glasgow G2 4AD. Tel: 041-221 3954. Relocation assistance is available if required. No details of applicants will be divulged to our client without candidates' consent.

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An exciting role, working closely with marketing and sales. Responsible for initial pricing and design, maintenance of appropriate bases to ensure profitability targets are met; plus the procedures and quotations systems for all individual life and pensions products. Ref: PGL/4416/FT.

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The Caisse de dépôt et placement du Québec manages assets totalling more than \$35 billion CA (£ 17 billion), including the largest equities portfolio in Canada. It uses a variety of financial instruments: bonds, equities, mortgages, real estate, money market synthetic and derivative products as well as short-term securities. It is located in Montréal, a first-class financial center.

Reporting directly to the Vice President - International Equities, the Fund Manager shall be responsible for setting up and managing the in-house UK equities portfolio and shall also participate in the global asset allocation of international equities.

The successful candidate shall possess a university degree, preferably in Finance, with a minimum of five-years experience in UK equities, two of which as a fund manager. This person should demonstrate strong skills in financial analysis. A working knowledge of French is also required.

In addition to the basic salary, competitive pension and insurance plans are offered as well as a bonus program based on portfolio performance. Travelling expenses during the selection process as well as certain relocation expenses upon hiring shall be paid by the Caisse.

Applicants interested in taking up this challenge should forward their CV in confidence to:

Direction des ressources humaines
Caisse de dépôt et placement du Québec
1981, avenue McGill College
Montréal (Québec) Canada
H3A 3C7

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Standard Chartered are on the move; are you? Please send full career details, indicating preferred location, to Liz Walley, ref: 4360EEWFT, PA Consulting Group, Fountain Court, 68 Fountain Street, Manchester M2 2FE.

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BANK ANALYST

Standard & Poor's

Standard & Poor's Ratings Group is the leading provider of financial analysis to international capital markets. As a result of the growth of our European debt rating activity and the expansion of our London-based analytical staff, we are seeking an analyst to join our team responsible for rating European banks.

The position involves in-depth financial analysis and strategic research on major banks and other financial institutions in the UK and on the Continent. Analyst's responsibilities include conducting meetings with senior management of major European banks, along with the presentation of analysis for internal rating purposes and for external publication. The position is London based and involves travel throughout Europe as well as to New York. Qualifications should include at least two years' experience, as an analyst, following banks, working for a financial institution, or regulatory body. Strong communication skills, both written and oral, are essential. Fluency in a major Continental language would be an advantage.

Standard & Poor's is a key part of McGraw-Hill Inc. — one of the world's major suppliers of information to business and related sectors. Considerable training is provided in both New York and London. The position offers a salary commensurate with applicant's qualifications and experience.

Please forward your resume, with salary requirements, to:

Personnel Director
Standard & Poor's Rating Group
19 St. Swinburn Lane
London EC4N 8AD

APPOINTMENTS WANTED

Resident of Katowice, Poland, 42 years old, seeks to be representative/proxy or to execute research for individuals and companies.

Extensive knowledge of the foreign trade, joint-ventures companies issues, World Bank procedures.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

EUROPEAN INVESTMENT BANK

The Bank is seeking, for the Capital Markets Department of its Finance and Treasury Directorate at its headquarters in Luxembourg a (m/f):

Capital Markets Officer

Duties: assist the head of division on the markets for which he is responsible (Holland, Scandinavia, Portugal, Greece, Middle East and International Markets), in particular:

- negotiation of new issues: liaison with the banking sector in the country or market concerned and with the appropriate monetary and financial authorities;
- monitoring of the primary and secondary markets in the countries and sectors concerned;
- research on the markets in question, various financing structures and the appropriate financial instruments;
- preparation and drafting of notes and statistics;
- preparation of issue documents.

Qualifications: university education or equivalent professional experience. At least 3 years' banking experience in the field of primary and secondary capital markets. This implies knowledge of both the international and domestic markets with practical experience of fixed and floating-rate borrowings. Experience of both currency and interest-rate swaps and other financial instruments (futures, options, etc.) would be an advantage.

Languages: very good command of English or French and good command of the other language. A good knowledge of Portuguese or Greek is essential.

The Bank offers attractive terms of employment, a generous salary and comprehensive welfare scheme. It is an equal opportunities employer.

Applicants, who must be nationals of an EEC member country and preferably no more than 32 years of age, are invited to send a detail curriculum vitae, together with a photograph to:

EUROPEAN INVESTMENT BANK
Head of Personnel Department (Ref.: F19021),
boulevard Konrad Adenauer 100,
L-2950 LUXEMBURG. Fax 437704.

Applications will be treated in strictest confidence.



MCM A Xerox Financial Services Company

SENIOR FOREIGN EXCHANGE ANALYST

MCM supplies screen based financial information to some 1400 Currency and Fixed Income dealing Operations worldwide, principally through the Teletext network.

We are seeking a Senior Foreign Exchange Analyst to join our London based team.

He or she will ideally have:

- A degree in Economics or Finance
- Experience in a trading environment
- A high degree of forex market sensitivity is essential as the service is continuously updated on-line. A quick reaction time, on-the-spot analytical ability, and effective communication skills are thus vital
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The right candidate will have an opportunity to rapidly develop responsibility in a team of analysts who have an excellent reputation in the market place. In the first instance, please forward your CV to:

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A flexible and attractive package is offered.

Please reply in writing to: - Mrs Sheila Bone, 99 Charterhouse Street,
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Our client, one of the largest quoted UK finance companies, is expanding its highly successful London based Overseas Division and now seeks a strongly motivated, career oriented manager able to make a major contribution to its future growth.

Probably qualified to ACIB or degree level, you will need experience of the UK property market together with excellent interpersonal skills and a record of achievement in commercial lending. Proficiency in a major European language would be useful though not essential.

In addition to a highly competitive base salary and substantial profit share, benefits include choice of company car, mortgage scheme, free medical insurance and life assurance, non-contributory pension, lunch allowance and expenses.

Please write in strict confidence, enclosing a current CV and listing separately any companies to which your application should not be forwarded, to: G.J. Selby (ref. FT/18), Vine Potterton Limited, 152/153 Fleet Street, London EC4A 2DH.

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The financial rewards will include a basic salary and a substantial performance related bonus. This is an excellent opportunity for ambitious, entrepreneurial individuals. If you would like to discuss this position further, please contact Penny Bramah on 071-831 2000, or write to her at

Michael Page City, Page House,
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ECONOMIST

Thomson Financial Networks is a major player in the rapidly developing Financial Information Services market. Our services include:-

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As a progressive and successful American based Company, we are seeking to recruit a full time Economist to produce economic analysis on our product range, specifically ATLAS, GFI Forex Watch and Bonddata.

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A competitive salary and benefits package will be offered to the successful candidate.

Please apply in writing with full CV to:-

William Ferguson
Director
Thomson Financial Networks Ltd
Centre Point
103 New Oxford Street
London WC1A 1DD

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European Equities

Greenfield Opportunity

As part of a global strategy Nomura is committed to the development of a fully integrated international securities business. Having established a successful UK operation, we have recently appointed a Head of European Sales with a mandate to recruit a strong sales force specialising in the marketing of European stocks. The initial coverage will focus on German, Spanish, Italian, Dutch and French equities.

We are looking for salespeople with a minimum of eighteen months experience in European equities, seeking to realise their potential. This is a greenfield sales opportunity with the benefit of the company's highly respected proprietary research product and where originality and flexibility will be welcome.

Nomura can provide the right candidates with an environment where they can build a business base in the long term, earn a first class remuneration package and enjoy the security of working for one of the world's leading financial institutions.

Please send a full C.V. including salary details to:

Nick Bennett, BBM Associates,
76 Watling Street, London EC4M 9BJ
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Senior Oil Consultant

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Shortly after joining you will be expected to manage important assignments, providing economic and strategic advice to private and public sector clients, in the areas of oil refining, marketing and petrochemicals.

Having spent some 5-10 years in the downstream oil industry, preferably with a technical background, you will possess economics, commercial or policy-making skills

plus experience of managing other specialists in the field. Ideally, we would also like you to have some consultancy experience and would expect you to demonstrate sound business acumen and first-rate communication skills. Fluency in a second European language would also be a considerable advantage.

If you meet our criteria and share our ambition to provide the best advice in the industry, send your c.v. to Ian Gaskirk, Partner, Coopers & Lybrand Deloitte, Plumtree Court, London EC4A 4HT, quoting reference 50/20FT.

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Recent internal restructuring has generated the requirement to augment the management with the appointment of an additional executive. Working as part of a small integrated team, the successful candidate will be involved in the identification and analysis of potential investments including MBO and MBI situations, and in the negotiation and structuring of such transactions. The appointee will also provide hands-on support in monitoring and helping to improve the long-term profitability of investee companies, through the development of strategy and the implementation of restructuring and rationalisation programmes.

This opportunity will appeal to an entrepreneurial, high calibre ACA/MBA, aged 26-30, with a record of achievement to date, and relevant experience in either a commercial environment or public practice. Essential qualities include the ability to both liaise with professionals at the most senior levels, and constantly adapt to a fast-moving and challenging sector.

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Fax: 071 287 6270

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The applicant must have experience as a credit analyst/manager, preferably in metals and/or oils, be a self starter with good communications skills, and have an outgoing, flexible and confident personality.

Send detailed CV to:

Steve McCann
CRT Europe Inc
1-6 Lombard Street
LONDON EC3V 9AA

OR telephone 071-220 7041 for further information.

URGENTLY REQUIRED

Japanese Equity Salesperson for Europe and Scandinavia, based in London. The ideal candidate should have some relevant experience, existing business connections in Scandinavia and be willing to travel at short notice.

In addition the ability to speak one European and one Scandinavian language.

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Probably in your late twenties, you will have the drive and commitment to make an early contribution to the success of the team. In return you can expect real career development opportunities, together with an attractive salary and benefits package, including discretionary bonus and car.

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Candidates will need to have well developed credit evaluation skills and relevant experience. Successful candidates will travel extensively visiting domestic clients several days per week. The position will suit a candidate resident in the Midlands or north of London. Frequent direct contact with senior management will be required and excellent communicative skills are therefore essential.

The successful applicant will be offered a competitive salary together with all normal banking benefits.

Applications enclosing a detailed curriculum vitae should be addressed to Box No. A852, Financial Times, One Southwark Bridge, London SE1 9HL

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We employ approximately 100 professionals and are planning for an aggressive further growth.

We expect that our new strategy consultant:

- Has been a consultant for at least 5 years
- Has international experience
- Has experience in conducting strategic analysis
- Has experience in managing strategic assignments
- Has a master degree in business administration
- Has relevant formal consulting training
- Is fluent in one of the Scandinavian languages
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Lisberg-CJ Management is offering a challenging job in a dynamic and professional innovative organization. The compensation and future career opportunities fully correspond with our requirements.

For further information please contact senior partner Jørgen Brask +45 42 86 88 11 to whom you should also send the application.

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The successful candidate is likely to be aged 35-45 with a proven and current record of marketing trade finance products to corporate clients, in addition to a background of demonstrated credit and risk assessment skills. Remuneration will reflect the importance of the position and a full benefits package is applicable.

For further details, please contact Frank Hoy, either by telephone or in writing.

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Gordon Brown

INVESTMENT MANAGER

FOR

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Applicants should write enclosing a comprehensive curriculum vitae with salary details to:

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London EC3M 3LS

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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Please send CV to Box A855, Financial Times, One Southwark Bridge, London SE1 9HL

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The research led equity department of a fast growing dynamic international investment house with a seat on the Madrid Stock Exchange seeks a bilingual (Spanish-English), personable and creative equity analyst with at least one years experience following the Spanish Stock Market. This newly created position, acting as direct support to an active multilingual sales team, requires extensive knowledge of the market, commercial flair and the ability to work under pressure. A generous package will be offered to the right individual. All replies will be treated with the strictest confidence.

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An opening has arisen to join a small team based at the Group's headquarters at Thornton Heath near Croydon. The post involves the preparation, negotiation and implementation of non-recourse finance in support of the Group's projects both in the area of UK privately-financed infrastructure and for export contracts.

Applicants are invited from graduates with several years' experience of Project Finance in the UK probably gained in a financial institution; an ability for PC modelling is required together with a sound commercial approach to risk analysis.

If you have the presence to win credibility at senior levels, we will reward you with a competitive remuneration package.

Please send a CV (or telephone for an application form) to: Mr N. Holt, Personnel Manager Group Centre, Balfour Beatty Limited, 7 Mayday Road, Thornton Heath, Surrey CR7 7XA. Telephone: 081-884 6922.

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INTERNATIONAL STOCKBROKER

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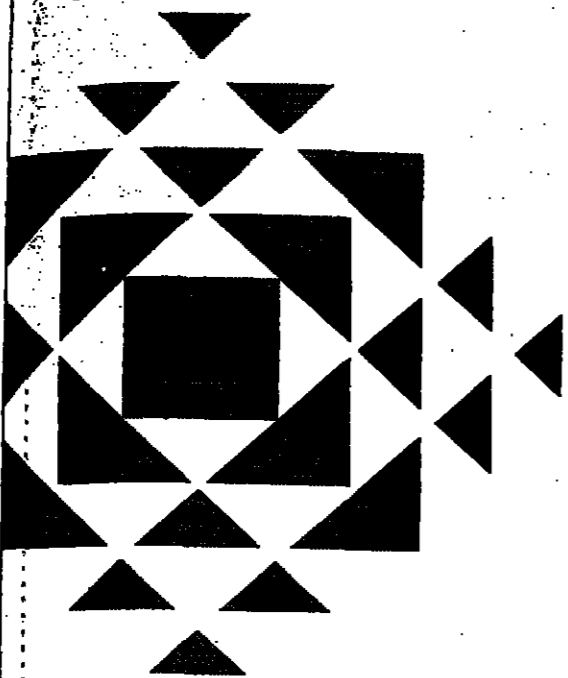
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ACCOUNTANCY COLUMN

Figuring out the enigma of consultancy

By David Waller

HERE IS an enigma that troubles many a watcher of the accountancy industry: how is it that many of the big firms have managed to grow their consultancy business so successfully over recent years, even though the firms and their consultancy practices appear to differ widely?

There are few hard statistics on what is still a very fragmented industry.

Even so, it is clear that the demand for consultancy grew rapidly during the 1980s; that some of the UK's accounting firms very successfully jumped on the bandwagon; and that certain areas of the market look poised to carry on growing in spite of a dubious economic and political climate ahead.

Very rough figures assembled by the Management Consultancies Association suggest that the consulting market in the UK grew from some £44m in 1980 to approximately £580m in 1989.

Given that the top 20 accountancy firms alone generated consultancy fees of more than £600m last year, the consultancy cake is undoubtedly a lot bigger than that, especially if IT (information technology) consultancy is included. Andersen Consulting reckons that the market was worth a total of £4.3bn in 1989, rising to £7.7bn by 1992.

Ask the consultants working in the accountancy firms for an explanation as to why they have done so well and one will get any number of plausible answers.

Other types of consultants tend to be more sceptical: they argue, quite

rightly, that growth in fee income does not necessarily equate with a rise in profits, masking instead the accumulation of overheads faster than sales.

Here are just a few of the reasons why the accountants have done so well:

- They have captive audit clients, to whom it has proved relatively easy to sell other services. The importance of that is downplayed by the accounting consultants. Coopers & Lybrand Deloitte, for example, says it wins 70 per cent of its consultancy business on the open market. Price Waterhouse, about 65 per cent.

- Audit partners maintain long-term relationships with large corporate clients, giving the accountants an important marketing lead over other types of consultants.

- They, like other consultants, have benefited from the Thatcher Government's privatisation programme and the move towards "professional" management in the public sector. Although the heyday of privatisation is over, the public sector and the former public sector are still important sources of work for the accounting consultants, across a wide spectrum of different professional disciplines.

- More generally, the demand for consultancy work appears to be driven by change, and if there has been change in the public sector over the past decade, then there has been plenty of change in private-sector industry, too.

Accountants are well qualified to give advice to companies on how to

contain costs or how to reform their costing systems to reflect the ideas of Professor Robert Kaplan and others, or on how old-fashioned accounting is leading to poor management in manufacturing industry.

- There is something about the culture of the firms that appeals to free-wheeling consultants. The argument often advanced here is that consultants are independent-minded who prosper within the loosely managed structure of an extended partnership.

In fact, when accountants first expanded into consultancy, huge tensions developed between the consultants and auditors, reflecting temperamental differences between cautious auditors and their gung-ho colleagues, as much as the fact that the consultants brought in more money.

In late 1988, such tensions led to the division of Arthur Andersen & Co into two separate operating units, one for consulting and one for everything else.

In spite of the cultural conflicts, lots of consultants clearly like working for the big accountancy firms.

- Although revenues from basic auditing have not grown very rapidly, they have at least been stable. Such a stable inflow of cash has been used to nourish the consulting business; specifically, to invest in the fastest growing business of the IT, IT consulting.

Other types of consulting firm are more dependent on erratic income from project work and thus have not

been able to penetrate the IT market to the same extent.

According to Andersen, IT consulting was worth £1.8bn in fees in 1989, expected to grow to £3.4bn in 1992. Software products were worth a further £1.2bn, set to grow to £2.3bn; the computer operations and communications market was worth £0.8bn, and looks as if it will grow to £1.3bn.

The reasons for the growth in demand for IT services are manifold. In many industries, companies cannot be competitive without computers. In some, including banking, retail, financial services, manufacturing, a company's whole commercial future is dependent on getting the right IT in place.

Moreover, IT is expensive, and ill-educated managers find it difficult to understand - yet the pace of technological development means that it has to be upgraded frequently. No wonder there has been a growth in demand for advice from those who understand this vital but arcane area.

Andersen stands out as the pre-eminent accounting-based consultant: after all, it has been involved in IT since the first days of the commercially available computer.

All the firms are heavily involved in IT and it is that fact which explains the impressive growth in consultancy fees last year in spite of the slowdown in the economy: up 43.3 per cent for ERMG Post Marwick McIntock; 36.2 per cent for Price Waterhouse; 29 per cent at Coopers Deloitte; by more than 40 per cent at Andersen Consulting.

The projected growth in the market coincides with a maturing of the so-called "general consulting" sector, and - according to the accountants at least - the strategy sector served by the likes of McKinsey and Bain.

The result is a great deal of jostling for position between consultants of every different hue, with strategy and general consultants moving "down" into IT services, while software houses attempt to move "upwards" into the sectors served by the accountants. Meanwhile, the accounting-based firms are moving in both directions.

So consulting, specifically IT consulting, looks likely to drive the growth of the big firms for years to come. That might present severe management difficulties, for two reasons.

First, the straightforward auditing business is mature to the point of not growing at all, and the special work that kept offices humming is on the decline. Tensions will arise if all the profits for firms come from consulting.

Second, consulting and auditing are two very different businesses, with different economics and dynamics. It may have been convenient to yoke the two together under one roof during the 1980s, but will it remain so in the 1990s?

Mr Keith Burgess, head of Andersen Consulting, predicts that other firms will divide in two, as did Andersen in 1988.

Will he be proved right? Perhaps that is the sort of question one should put to a management consultant.

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FINANCIAL TIMES
EUROPE & BUSINESS NEWSPAPER

Department Heads in Exploration and Production

British Gas, long established as one of Britain's leading and most successful exploration and production companies, is now enjoying a dramatic and exciting transformation into an internationally expanding major presence in the oil and gas industry worldwide.

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You will be responsible for ensuring the production of timely, accurate and meaningful information concerning the diverse and complex activities undertaken by Exploration and Production. This will cover preparation of the Company Budget, five year forecasts, monthly reviews and other reports for use by the Board of Directors. You will operate largely on your own initiative, particularly in building a team that is likely to rise to 40 within 12 months.

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In complete confidence, please ring or write with CV to: John Black, Managing Director, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA. Telephone: 071-629 5909.

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Interested applicants should contact Richard Parnell by telephone on 071-437 0464 or by fax 071-437 0597 or write enclosing brief details to the address below.

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c.£35,000 + car

Our client, East Kent Packers Limited, is the UK's leading supplier of apples and pears to the retail majors and the wholesale markets. It is a highly successful cooperative owned by 56 fruit growers.

The business incorporates a substantial controlled atmosphere storage complex and extensive sorting and packing facilities – probably the largest in Europe. Fruit is stored and sold throughout the year, generating a profitable turnover around £15m.

The role carries full responsibility for day to day financial management with particular emphasis on the effectiveness and utilisation of the

storage and packing operations. Together with the Managing Director, the FD will report to the Board on the performance of the business and be expected to make an important contribution to commercial decisions. This is a broadly based role with prospects for personal development.

Candidates must be qualified, computer literate accountants. Personal qualities should include strong communications skills, commercial awareness and a proven ability to lead and motivate.

To apply, please write to Mike Smith enclosing full career details, including current salary and quoting ref: JA/17.



Peat Marwick Selection & Search
Abbots House, Abbey Street, Reading, Berkshire RG1 3BD

FINANCIAL CONTROLLER EUROPE International Airline

London – c£23,000 + Airline Benefits

Our client is an international airline with a progressive plan of global development over the next five years. The company is split into five regional reporting operations worldwide and the new position of Finance Controller Europe has been created to support their European growth.

You will be responsible for all financial aspects of the business throughout the European network. The ability to maintain and develop management information systems is essential, particularly in providing high quality reports in both forecasting and reporting. Regular European travel will be necessary and there will be an additional need for international travel two or three times a year.

Candidates are likely to be aged 24-30, graduate Chartered Accountants with exposure to commercial reporting systems. A professional and forceful approach should be supplemented by strong technical and systems skills. This is an excellent opportunity to develop a career

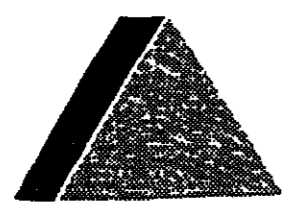
with a highly profitable organisation dedicated to rapid international growth. Experience in the aviation/tourism industry would be advantageous.

Remuneration package will be negotiable based on experience and ability, and includes the significant benefits associated with a major international airline.

In the first instance please call Jonathan Williams on 071 240 1040 to arrange an initial meeting, alternatively send a detailed resumé to him quoting Reference No: 10/853 to Morgan & Banks Search and Selection Plc, 114 St Martin's Lane, London WC2N 4AZ. Fax: 071 240 1052. Closing date for applications will be Wednesday 11 July 1990.

Morgan & Banks

LONDON WASHINGTON SYDNEY AUCKLAND



Group Finance Manager Qualified ACA

Essex

To £35,000 + Car + Benefits

Our client is a small profitable plc, operating in the UK and overseas, with diverse activities grouped into three distinct business divisions. A major capital injection is fuelling future developments and they are poised for rapid growth both organically and by acquisition.

The Head Office function is relocating to Witham in Essex, creating an excellent opportunity for a young and ambitious finance professional. Your role in the team will be to ensure the provision of timely, accurate management information at group and subsidiary level. You will also take responsibility for refining and upgrading the financial systems, developing the treasury function and liaising with all external parties.

Immediate company growth is envisaged generating opportunities that will allow the successful applicant to progress to a Board Level appointment.

You should be aged 27-32, with some commercial experience outside Public Practice.

For further information, please contact ANDREW FISHER on 071 404 3155 at ALDERWICK PEACHELL & PARTNERS, Accountancy and Financial Recruitment, 125 High Holborn, London WC1V 6QA. Fax 071 404 0140

**Alderwick
& Peachell**
PARTNERS LTD

CENTRAL LONDON

c£45,000
+ SHARE OPTIONS

Finance Director

Our client is a small entrepreneurial, publicly quoted group with diverse activities across a range of sectors. The group has exciting plans for significant expansion, by both acquisition and organic growth.

Responsible for all aspects of the finance function, and working closely with the Chairman and Chief Executive, you will enjoy a varied, high profile role involving close liaison with City institutions, investigation and incorporation of acquisitions and tight financial control of operating divisions.

Probably in your mid to late thirties, you will be a Chartered Accountant with a strong financial background including acquisitions experience, gained within a blue-chip

environment. You must be well organised and have a lively, entrepreneurial personality. Other essential qualities are total commitment, a strong motivation to succeed and a sense of humour. You must be willing to take a hands-on role within a small, closely knit team.

Please send full personal and career details, including daytime telephone number, in confidence to Paula Hanratty, Coopers & Lybrand Deloitte Executive Resourcing Ltd, PO Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL, quoting reference 5399/FT on both envelope and letter.

Coopers
& Lybrand
DeloitteExecutive
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Edition only)

For further
information
please call:
071-873 3000

Jennifer Hudson
ext 3607

Richard Huggins
ext 3460

Stuart Maddock
ext 3392

FINANCIAL TIMES

Financial Controller

City of London

c£37,000 + Car + Banking Benefits

Our client is an established international bank whose assets have grown five fold over the last ten years. This new appointment will be based at the bank's U.K. location based in the City of London.

Reporting to the Financial Director and managing a team of 4 staff, you will be responsible for the financial and management accounting of the branch together with treasury and operation functions. Additionally there will be balance sheet projects and ensuring tight financial controls are implemented.

Candidates should be qualified accountants, age indicator 28-35 years, with good inter-personal skills preferably gained within the financial services sector.

Commitment and enthusiasm are essential with an ability to be an active member of the professional management team. The attractive remuneration package includes usual banking benefits.

Please telephone or write enclosing a full curriculum vitae quoting ref: 427 to:

Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 071-839 4572

**Cartwright
Hopkins**

FINANCIAL SELECTION AND SEARCH

NEW ZEALAND TELECOM OPPORTUNITIES

Telecom Corporation of New Zealand Limited is New Zealand's leading supplier of telecommunications services. Having carried out a major restructuring exercise to streamline its operations into strong commercial centres, the Corporation is poised to meet the demands of the fast growing deregulated telecommunications sector in New Zealand.

It is now preparing to face intense competition across all of its ventures and is seeking to strengthen its resources in a variety of specialist areas, principally based in the North Island. Accordingly, the following opportunities are available but other telecommunications specialists should also reply.

Manager Internal Audit and Projects - Regional role involving the management of a small group providing the regional operating company with internal audit, systems, accounting and special project services. Graduate, ACA preferred, with ten years Telephone industry experience. Ref. L516.

Business Analyst - Regional role involving development and maintenance of financial models of the company, budgeting and forecasting. Business graduate with five years Telecom experience in operational and/or analytical roles. Ref. L517.

Regional Commercial Accountant - Involves designing and implementing commercial and financial systems, analysis of new business procedures and projects, and advising on commercial issues. Qualified accountant with sound knowledge of all aspects of a Telecom business including economic cost benefit analysis of Telecom projects. Ref. L518.

Revenue Accountant - Regional role managing a small team responsible for customer and carrier revenue accounting. Qualified accountant with five years Telecom based revenue accounting experience. Strong computer skills and systems knowledge required. Ref. L519.

These positions require well experienced, self motivated people with excellent interpersonal skills who are capable of dealing with the demands of a fast changing telecommunications environment facing heavy demand for its services.

Remuneration packages will be negotiated to reflect experience and relocation assistance will be offered.

Please reply in confidence, giving concise career, personal and salary details to Michael Pahey, quoting the appropriate reference number.

Egor Executive Selection
58 St. James's Street
London SW1A 1LD (071-629 8070)

EGOR
EXECUTIVE
SELECTION

United Kingdom • Belgium • Denmark • France • Germany • Italy • Netherlands • Portugal • Spain • Sweden

CORPORATE FINANCIAL EXECUTIVES

AGE: 24-27 • £NEG. + CAR

At Mercury Communications, we operate the only fully digital public telecommunications network in the UK. This allows us to provide many customer benefits. As a result our business and customer base, already firmly established in the market, is set to continue its impressive rate of growth.

To ensure we keep pace with this growth we are currently strengthening the small team of Corporate Financial Executives who advise our Finance Director. Therefore we are currently seeking a number of Financial Executives for a wide range of corporate roles including: investment appraisal, product line profitability and commercial and regulatory negotiations.

Based at our new offices in Central London these positions require people with a flexible, enquiring, and creative but practical mind; the will to succeed; excellent inter-personal and communication skills. We'll be looking for graduates, aged 24 to 27, with either an MBA and/or a recognised accountancy qualification. Your career to-date should have been with one of the following: a 'blue chip' company; large consultancy or a 'big eight' accountancy firm.

In return, we are offering a remuneration package negotiable dependent on experience, a company car, 25 days' holiday, pension scheme, BUPA and normal large company benefits. In addition, for the right candidate, our growth plans over the next five years offer excellent opportunities for career development.

Please send your career details to Geoff Harman, Personnel Manager, Corporate Services at: New Mercury House, Red Lion Square, London WC1R 4HQ. Tel: 071-528 2153. Fax: 071-528 2137.

Mercury
COMMUNICATIONS

POWERED • BY • PEOPLE

Financial Director

Lancashire

Up to £30K + Car

Part of a British public group, this profitable company has sales of £12m, and an enviable position and reputation supplying manufactured materials to a wide cross-section of industries. The combination of high technical competence with an open style of management ensures that the company is always ready to push into new areas of business. The need has now arisen to recruit a Financial Director who can contribute to the business strategy as well as operate the financial function and compile control data.

Candidates should have a recognised accountancy qualification with several years experience in a manufacturing industry either as No. 2 in the large

company or heading up the function in the smaller environment. They must be well used to computerised systems, ideally within a continuous process industry. Age is not too critical but 50 is likely to be the upper limit.

Salary will be within the range £27,500 - £30,000 and a bonus scheme is in operation. A fully expensed car is provided and there are the other parts of a package expected of a good employer. Relocation costs necessarily incurred in any move to mid-Lancashire will be reimbursed.

Please write - in confidence - with full career details to D. A. Ravenscroft.

Ravenscroft & PartnersSearch and Selection
20 Albert Square, Manchester M2 5PE

Financial Controller

Director Designate

HIGH WYCOMBE/BUCKS

c £30,000 + BONUS + CAR

INTERNATIONAL FURNISHING FABRICS

This is a unique opportunity for a talented and energetic accountant, possibly with an MBA, to join Parker Knoll Textiles Limited a highly profitable major subsidiary of Cornwell Parker plc. The company is a market leader in the design and supply of premier branded home furnishing fabrics having significant export markets including two European subsidiaries.

Reporting to the managing director this new appointment is being created to strengthen the company's financial control and commercial management as well as to provide focus for its I.T. strategies.

You will be provided with a comprehensive financial accounting service by the centralised Group accounting function, also based in High Wycombe. Your key concerns will be gross margins, product/range performance, pricing policy, overhead control and stock levels together with the development of management information systems. You will have an extensive brief with significant scope for ingenuity and flair. Using a sophisticated mini computer and an Oracle 4GL you will develop I.T. strategies for the profitable further growth of this company for the 90's.

The right person will have a recognised accounting qualification and will be a rounded commercial person who is capable of contributing as much to the Company's overall business strategy as he/she will contribute to the specific financial role.

Interested? Please send full career details quoting current salary and stating how you would meet our requirements to D Simpson, Group Financial Controller, Cornwell Parker plc, The Courtyard, Frogmoor, High Wycombe, Bucks HP13 5DJ.

General Practice Partner

for London firm of Chartered Accountants

Age 35-45 from c. £150,000

Our client is a "Top 15" firm of Chartered Accountants which is seeking to recruit a General Practice Partner to take responsibility for sizeable client portfolios created by the rapid and consistent growth of the firm.

The role will be to take immediate responsibility, at full equity partner status, for fast-growing clients across a wide spectrum of sectors. Those appointed will be expected to offer, with the back-up of specialist partners, a broad-based service very much involving business and commercial advice.

Candidates should be able to demonstrate some years' experience at partner level in a medium or large accountancy practice. They should have commercial flair, positive outgoing personalities and be keen to be tested by new challenges.

Those able to bring with them an appropriate client following, either immediately or by loyal client "drift", would be welcomed but it is appreciated that this may not be possible, and is therefore not a prerequisite for selection.

In view of the highly confidential nature of this appointment, applications, including a full c.v., should be sent to Christopher Haan, Senior Partner, S. J. Berwin & Co., 236b Grays Inn Road, London WC1X 8HB marked "to be opened personally by". Details of applicants will not be divulged to our client without express permission.

Job is this

CJA**RECRUITMENT CONSULTANTS GROUP**3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 071-588 3588 or 071-588 3576
Telex No. 867374 Fax No. 071-256 8501

Challenging opportunity for a Chartered Accountant to work at the commercial heart of one of the most dynamic and fastest growing Lloyd's Brokers. Excellent career prospects.

CJRA**EXECUTIVE ASSISTANT
TO FINANCE DIRECTOR**

CITY

PACKAGE C.£35,000

LEADING LLOYD'S INSURANCE BROKER

Our client has created this new position and we invite applications from Chartered Accountants who must have had between 18 months' and 3 years' demanding post qualification experience, ideally in the financial sector.

You will report to and work closely with the Finance Director of our clients' UK Lloyd's Brokers holding company and you will be responsible for working on a wide variety of projects, preparing special financial reports and analyses. There will be an emphasis on ad hoc assignments such as investigations, mergers and acquisitions and preparing special financial requirements for the Board, which will expose you to the core of this organisation's multi-faceted operations.

Essential qualities for this key appointment, apart from a strong academic record, will be drive, ambition, the ability to assess priorities and above all to make a significant contribution from an early stage.

The initial remuneration package will be negotiable c.£35,000 plus first rate large company benefits. Applications in strict confidence under reference EAFD/23468/FT will be forwarded to our client. If there are companies to whom you do not wish your application to be sent, these should be listed in a covering letter and the envelope marked for the attention of the Security Manager: CJRA

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 071-588 3588 or 071-588 3576. TELEX: 867374. FAX: 071-256 8501.

**Partnership Secretary
Investment Banking**

City c. £40,000 + bonus + benefits

Our Client is a small, successful UK investment banking business now structured as a Partnership. It is engaged in the initiation and arrangement of mergers, acquisitions and other corporate finance advisory work, predominantly in the financial sector. It has a high reputation and an impressive client list of major financial institutions, many of whom are based overseas.

The work environment is both stimulating and entrepreneurial within a close-knit team. The need has arisen for a Partnership Secretary to assist the Partners in the efficient day-to-day management of the Firm, with responsibility for the financial, regulatory, company secretarial and administrative functions.

Reporting to the Joint Managing Partner, the appointee will play a key role in managing and controlling the future growth and development of the business. Responsibilities include management of the Partnership's finances, accounting, tax and compliance matters, personnel, pensions and premises, as well as the company secretarial function.

Candidates must be qualified Chartered Accountants, or alternatively Chartered Secretaries or Lawyers with a strong financial bias, probably in their mid/late 40's, computer literate and having experience of a people business. Additionally, they should be "hands on" managers, commercially astute, and able to make clear and concise presentation of issues requiring decision.

Interested candidates who meet these criteria should send a comprehensive CV including current salary and a daytime telephone number quoting reference LM220 to Peter Sabine, Spicers Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.

**SPICERS EXECUTIVE SELECTION**

A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

U.K. FINANCIAL CONTROLLER

Central London

c£45,000 + Car + Benefits

Recognised as one of the most prestigious names within the FMCG sector, our client, a subsidiary of one of the world's most successful international groups has enjoyed unparalleled growth, identifying and expanding niche markets worldwide.

Responding to this dynamic expansion they now seek to appoint a Financial Controller to head up their UK finance function. Reporting to the UK General Manager, you will be responsible for the development of operating plans, business strategy, and all key financial issues.

A graduate, qualified accountant, aged between 28-35, you will

have gained first class experience within a Planning and Control function, ideally within an FMCG or retail environment, and will have demonstrated fast track progression within your career to date.

Additionally, you must possess the drive and personality necessary to succeed within this fast moving business environment.

Interested applicants should telephone Simon Hewitt on 071-437 0464, or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464**Commercial Role****FINANCE
DIRECTOR**

Herts/Essex

c£40,000 + car
+ substantial bonus

A long established service group with turnover c£200m, our client has recently been acquired by a dynamic and rapidly growing plc operating a decentralised management culture. Under the newly appointed Chief Executive it will undergo a major reorganisation to enable it to realise its full potential.

The Finance Director will play a vital role in determining commercial strategy which will include acquisitions. This will involve taking full responsibility for leading and strengthening the finance and IT functions with initial emphasis on increasing the sophistication of management information, so essential in a high volume business.

Applicants should be graduate qualified accountants aged 35/40, performance orientated with strong conceptual and communication skills. Success in this role will be rewarded by a substantial profit related bonus which could double basic earnings.

Please write, enclosing a full career/salary history and daytime telephone number, to David Tod BSc FCA quoting reference D/939/F.

**Touche
Ross****GROUP FINANCE DIRECTOR**

North London

c.£65,000 plus bonus

This PLC comprises 20 companies with a combined turnover of £80 million and it is one of the UK's leading manufacturers and suppliers of equipment and services for the construction and retail fitting out industry. A diverse group, it also undertakes a wide range of specialist contractor activities in offices, airports and public buildings of all kinds.

Due to rapid expansion the group now needs a Finance Director to work closely with the Group MD in the formation of future strategy and direction, and to restructure the group along more cohesive lines.

The role demands a proactive and creative approach from an independent and strong-minded individual. Candidates must be qualified accountants with experience at board level and the drive and commitment to effect change diplomatically and pragmatically. They must have the personal credibility to form good working relationships with the banks and City.

If this role appeals to you, please send a comprehensive cv, salary details and daytime telephone number, quoting ref 3145 to Vivienne Hines, Executive Selection Division.

MANAGEMENT CONSULTANTS5th Floor, 52/54 High Holborn, London WC1V 6RL
Telephone: 071-363 7361.**HunterPrint**£40,000
+ Car
+ Relocation

Northants

**FINANCIAL
CONTROLLER**

Established some 25 years ago, HunterPrint Group Plc is a progressive, rapidly-expanding, commercial printing company, enjoying an annual turnover in excess of £90 million.

Committed to a programme of continued development, the company last year moved into highly-automated, custom-built factory premises. As a result of the associated expansion, they seek a dynamic, forward-thinking Financial Controller. Reporting to the Group Finance Director, you must be capable of assuming overall financial responsibility for its successful Magazine and Catalogue Division, currently responsible for some 55% of total turnover.

Ideally a graduate ACA, the successful applicant, aged 33-38, will be required to build an efficient, committed divisional finance team, whilst also overseeing a varied range of Group finance activities, including tax, statutory accounting and treasury.

This is an outstanding opportunity for an experienced, self-motivated professional possessing strong leadership qualities to take on an exceptionally broad-based management role within a company at the forefront of the UK printing industry.

The excellent remuneration package includes a salary which fully reflects the key nature of the position, together with executive car, pension, BUPA and company bonus scheme.

For further information, please apply directly to Alison Sorrie at Robert Half, Freeport BM2460, 63 Temple Row, Birmingham B2 4BR, or telephone 021-643 1663 (business hours) or 021-443 2569 (evenings). Alternatively, fax your details on 021-643 6170.

Financial Recruitment Specialists
London • Birmingham • Windsor • Manchester • Bristol • Leeds • Southampton
Brussels • USA • Canada**ROBERT
HALF****Head of
Programme Finance**

London

c.£40,000 plus bonus, car & benefits

British Satellite Broadcasting operates five television channels via a high-powered satellite. £1.3 bn. of funding has just been completed. Major shareholders include Granada Group PLC, Pearson plc, Reed International P.L.C. and Chargeurs SA. The company is located at the Marcopolo Building, by Chelsea Bridge.

The Head of Programme Finance has a critical role, providing a full financial and management accounting function for all five BSB Programme Channels, and representing the interests of BSB in all major contract negotiations with Programme Suppliers and Contractors.

You should be a qualified accountant, probably aged between late twenties and mid thirties. You must have solid accounting knowledge and evidence of strong commercial awareness. Ideally you will already be working in the television industry and you will relish the opportunity to work for the largest television broadcaster in the UK. Your interpersonal skills will allow you to quickly gain the respect of demanding creative executives.

If you think you meet the requirements of this role, please write to Geoffrey Rutland FCA, ATII at the address below, quoting reference 1635F and giving concise career and salary details and a daytime telephone number, or phone him on 071-583 3303 (office) or 081-878 8395 (home).
BDO CONSULTING
BDO Consulting 8 St Bride Street London EC4A 4DA**5 Channel TV**The Voice Channel • The Sports Channel
Galaxy • The Power Station • Now

ACCOUNTING MANAGER - OPERATIONS

W. Home Counties c. £30,000 + car

This career opening is offered by the autonomous European subsidiary of a US multinational - leading household name group - manufacturing and aggressively marketing a diverse range of well-known and highly successful consumer products. It enjoys an enviable record of growth and profitability achieved through far-sighted investment programming.

It is a strategic role requiring a young qualified Accountant, aged 27-32, ideally a graduate, who has at least 2 years' post-qualifying experience within a commercial or industrial environment. Technical competence and clearly identifiable senior management potential are of prime importance and the abilities to influence and effect change are equally essential.

Controlling a young well-motivated team through Supervisors, the position provides exposure to all aspects of a sophisticated management accounting function, including the provision of meaningful information and analysis on profitability, budgets, costs and forecasts to manufacturing, marketing and R&D. Emphasis will also be placed on further enhancement of the state-of-the-art MIS financial package.

Reporting in at Controller level, the role offers real potential within a successful international group operating at the focus of the European arena.

Salary is negotiable as indicated and the car will be fully expensed. Relocation costs will be met where appropriate and other benefits include pension and BUPA.

Please write enclosing CV or telephone for more details quoting ref: KD/832

The Career Partnership

Executive Selection & Recruitment Advertising

Lincoln House, Aviary Road, Woking, Surrey GU22 8TH
Tel: 09323 52558 Fax: 0932 336330



IFAD

International Fund for Agricultural Development (United Nations)
(Rome, Italy)

Seeks

INTERNAL AUDITOR

RESPONSIBILITIES: The incumbent reports to the President and is responsible for the internal audit of IFAD's financial, operational programs of work based on the need for auditing activities on a rotating basis, e.g., cash, investments and investment income, administrative budget expenditures, loans and grant disbursements, loan income and repayments; coordinate annual programs of work with that of external auditors; develop audit programmes; participate in audits, plan and supervise work of internal audit staff; prepare audit reports; recommend improvements in internal controls, accounting and administrative procedures; monitor implementation of audit recommendations and propose action; conduct special studies and reviews; develop standards for the conduct of internal audits; perform other related duties as required.

QUALIFICATIONS: Recognized professional accounting qualification or University degree in a related field. Ten years experience in auditing, of which five should be at management level, preferably in a financial institution or an organization of the U.N. system. Full command of English, knowledge of Arabic, French or Spanish would be an advantage.

SALARY & BENEFITS: IFAD as part of the United Nations common system offers competitive international salaries, benefits and allowances.

DURATION: 2 year fixed-term.

DATE OF ENTRY ON DUTY: as soon as possible subject to finding arrangements.

Please send detailed resume to:

Personnel Division
IFAD
Via del Servizio 107
00142 ROME
Italy

Closing date for application: 7 August 1990

Only shortlisted candidates will receive an acknowledgement.

Assistant To Group Chief Accountant

International
Engineering Group

London,

c £28,000, Car, Benefits

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

This is a first class opportunity for a qualified ACA or ACCA, now ready for a challenging high profile role in a highly successful and profitable engineering and services company, part of a major UK plc.

Working in a small, professional Head Office team, you will be involved in consolidations, preparation of statutory accounts and reporting packages and a variety of ad hoc projects. You will also be assisting with the running of a state-of-the-art financial software package, and within a short time will be expected to lead a young, dynamic team.

You are likely to be a graduate, in your mid-late 20's, with around 2-3 years post-qualification experience. A high degree of computer literacy is essential, together with excellent technical skills, personal presence and ambition.

A competitive, negotiable salary is complemented by a comprehensive benefits package, and excellent career prospects, both within the company internationally and in the parent group.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, M.A. Grant, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 071-734 6852, Fax: 071-734 3738, quoting Ref: H27035/FT.

LONRHO

OPERATIONAL REVIEW - INTERNATIONAL BUSINESS ENVIRONMENT

£25-£30,000 + Car

London, N.W. England, East/Central Africa

With Group turnover exceeding £5 billion and pre-tax profits of £273 million, 1989 proved to be another successful year for Lonrho. Truly multi-national, the Group operates through some 1000 companies in around 100 countries. Diverse and highly decentralised in nature, business interests include mining, agriculture, engineering, printing and publishing, vehicle and freight distribution and hotel and property management.

A number of opportunities now exist for ambitious, qualified young Accountants to strengthen the Group's operational review function. With emphasis on commercial involvement and "business audit", the team provides commentary to head office on autonomous operations and gives practical advice on problem solving.

Individuals are given sole responsibility for assignments and work closely with local line Management, are able to make a major contribution to the profitability and future growth of the operating companies. Liaising at all levels, and gaining exposure to a broad range of businesses, the positions are seen as excellent entry points into a progressive organisation in which long-term career prospects exist.

Aged 26-32, and qualified, you should have a thorough understanding of audit techniques either within a professional or commercial environment. The role embraces more than pure audit, and consequently you must possess the ability to communicate effectively at all levels and to apply practical and viable solutions to a wide variety of commercial and operational problems.



ROBERT
HALF

Financial Recruitment Specialists
London - Birmingham - Windsor - Manchester
Bristol - Leeds - Southampton - Brussels - USA - Canada

For vacancies in London and Africa please apply directly to Penny Ridgett at Robert Half, Freeport, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 071-836 3545, or evenings on 081-853 4009. Alternatively, fax your details on 071-836 4942.

For vacancies in N.W. England please apply directly to Andrew Mackie at Robert Half, Freeport, Brook House, Spring Gardens, Manchester M2 8BA. Telephone: 061-236 0101, or evenings on 061-205 2419. Alternatively, fax your details on 061-236 1024.

Financial Strategist for Major International Group

CORPORATE FINANCE DIRECTOR

Our client is an expanding major group with extensive international operations. This dynamic Group has a strong reputation for aggressive, 'financially driven' management which has made it a market leader in its service sector.

Continuing organic and acquisition-led growth combined with an increasingly complex financial and legal structure has created the need to recruit a Director of Corporate Finance. Reporting to the Group Finance Director and managing a small team, your responsibilities will include:

- managing acquisition and disposal programmes
- working capital review and controls
- capital structuring

- project managing a series of on-going profit improvement and strategic issues
- co-ordinating longer term Group plans and projections.

As a key member of the head office team you will gain exceptional exposure to this fast moving, ever-changing business which should provide you with a superb board to a financial directorship or other senior commercial role within 18-24 months.

You will be a Qualified Accountant (and/or MBA) with an analytical and creative mind who has gained high level corporate finance experience, ideally with an international flavour. You will also be a team player with a flexible, committed approach combined with good communication skills.

Interested candidates should write enclosing a current CV and salary details to Harry Chrysaphes, Director at: FMS, 14 Cork Street, London W1X 1PF.

Thames Valley

early to mid 30's

neg. c. £60,000

+ Bonus + Car

+ Share Options



FINANCIAL MANAGEMENT SEARCH
AND SOLUTION SPECIALISTS

HEAD OF FINANCE

An Executive Group role Financial Services - Edinburgh Outstanding remuneration package

ESTABLISHED FOR OVER 150 years, our client is one of the most respected financial institutions in the UK and is now in the process of making a fundamental change in its approach.

Market opportunities are leading to the introduction of a wide variety of new products, the development of new distribution channels, including joint ventures, and an aggressive drive into other European countries. In addition, the Financial Services Act requires the publication of the costs of administration for products, and organisations who can minimise these overheads will create significant competitive advantage.

The company therefore wishes to add to the Executive Group a top flight financial manager, who will report

to the Chief Executive and take responsibility for the entire finance function. The two primary tasks are to help managers increase profitability by continuously improving the process of budgeting and management accounting and to assess future strategies and possible joint ventures.

Candidates (male or female) will be chartered accountants ideally with experience of financial services, but certainly with a career which clearly demonstrates leadership in a changing complex environment.

The remuneration package is pitched to attract the highest calibre of applicants, and includes a high base salary, bonus, excellent non-contributory pension scheme, subsidised mortgage and Jaguar or equivalent.

To apply please send a detailed CV, stating salary requirement, to Douglas Kinnaird, CA, quoting Ref: 4417/FT. PA Consulting Group, Number Two Blythswood Square, Glasgow G2 4AD. Relocation costs will be reimbursed if appropriate. No details will be divulged to our client without candidates' consent.

PA Consulting
Group

Creating Business Advantage

Executive Recruitment - Human Resource Consultancy - Advertising and Communications

WEST OF LONDON

c. £40,000 WITH BONUS
AND CAR

Financial Controller

This newly established company is a subsidiary of a major international high technology group and is predicting an exciting future. Its mission is to create a substantial data communications network which will extend around the world, capitalising on existing group contacts and technology.

A number of key executives are already in place and the need now is for a Financial Controller who will establish high quality accounting and reporting systems. Billing, tariffs and costing will be of particular importance and you will work closely with senior executives elsewhere in the group.

For a qualified accountant with good systems development skills, probably gained with an international

company, this is a challenging opportunity to introduce your own ideas in the rapid development of an international operation. For the right candidate rewards and prospects will be excellent both within this company and the group.

Please send full personal and career details in confidence to Edward Simpson, Coopers & Lybrand Deloitte Executive Resourcing Ltd., 76 Shoe Lane, London EC4A 3UB, quoting reference E5718 on both envelope and letter.

Coopers
& Lybrand
Deloitte

Executive
Resourcing

Management Information Systems and Finance Manager

Birmingham

Birmingham Training and Enterprise Council has been established in order to coordinate, develop and market a comprehensive training service for local industry and commerce. Close cooperation with employers and external training providers will ensure that the present and future skill demands of the labour market are effectively addressed.

Reporting directly to the Chief Executive and working closely with other senior managers will enable you to play a key part in commercial management and strategy formulation. Managing a team of 30 staff, you will assume responsibility for all aspects of finance, accounting, systems and personnel. In particular you will focus on the

To £27,000 + bonus + car

development of effective financial control and performance measurement procedures and systems.

A qualified accountant, ideally in your early 30s, you should have practical experience in the development and implementation of computerised management information systems. Previous experience in a service oriented organisation would be an added advantage.

A high level of commitment and well developed interpersonal and communications skills are pre-requisites.

Please send full personal and career details in confidence to Stephen Bailey, quoting reference F1019B at Ernst & Young Search and Selection, PO Box 1.3 Colmore Row, Birmingham B3 2DB.

Ernst & Young

SEARCH AND SELECTION

DEPUTY FINANCIAL CONTROLLER

Central London

Aged 26-32

£28,000 + Car

Our client, Business International, part of the Economist Group, is a unique and internationally renowned publishing, research and consulting firm. With publications aimed at specialist segments of the market, it has had increasing international involvement, year on year, for the last decade.

The need has arisen for a high calibre accountant to undertake an influential role within the Finance Department.

Specific responsibilities will include: preparation of management accounts for key segments of the business, performance review and analysis, playing a leading role in the development of budgeting and planning information systems and the supervision of up to ten staff.

This exceptional opportunity requires someone with the drive and flair to identify and initiate change. The ideal candidate will be professionally qualified with strong management accounting skills and experience of staff supervision. Equally important are a confident personality and the ability to liaise at a high level and meet tight deadlines.

The salary reflects the importance of the role and additionally there is a generous benefits package including profit share.

Interested applicants should call Joanna Pearson on 071-437 0464, or write, enclosing a detailed CV to the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464

Audit Manager - Europe

Major US multinational seeks next generation of financial managers for subsidiaries throughout Europe and worldwide

BRUSSELS

Excellent Tax
Efficient Salary
Plus Benefits
Plus Car

This company has manufacturing operations in most European countries. With 40,000 employees in this region and sales of US\$3.5 billion - opportunities for achievers are unlimited.

The European Audit team is seen as the priority route for promotion into these roles. It has 15 members, drawn equally from public practice, industry and commerce. This active policy of Internal Advancement has resulted in several promotions to middle and senior management (line functions) in the last year. Due to a recent promotion, they now seek an Audit Manager - Europe.

Based in Brussels, and reporting to the Regional Audit Manager, you will be responsible for supervising professionals in the conduct of financial and operational audits, as well as assisting in the management of the European regional office, including budgeting, scheduling, training and recruiting.

Candidates should be graduate Chartered Accountants or hold an MBA degree, aged 30 to 36, and have a minimum of eight years relevant experience. Fluency in English and at least one other language, along with a willingness to travel (40% content), are required.

This is a high profile appointment, dealing with top-level international management. Remuneration will include an excellent tax efficient salary and a fully expensed company car.

Interested candidates should write in confidence to **Nicholson International** (recruitment consultants), 142 Buckingham Palace Road, London SW1W 9TR quoting reference 9123, or fax details on 071-823 6835 or call directly on 071-730 8910 for an initial discussion.



**NICHOLSON
INTERNATIONAL**

TREASURY EXECUTIVE

MAJOR INTERNATIONAL GROUP

N.W. London c £25k + car + benefits

A major international group with a turnover of £3.0bn and market capitalisation of £2.9bn seeks a Treasury Executive to join its highly active and innovative Treasury team.

Reporting to the Assistant Treasurer you will be handling a range of products in order to manage a multi-currency debt portfolio in excess of £1.5bn. This will require you to use bilateral credit facilities, a Multi Option Facility, Commercial Paper, Swaps and FRA's and to deal in Sterling, Deutschmark, Dollar, ECU and other currencies. You will also be required to manage the U.K. daily cash position, and to analyse debt and debt products.

You will be over 25 and educated to a degree level or equivalent. You will have spent at least two years in the Treasury Department of a major company where you have had dealing experience in foreign exchange and/or debt. You will be analytical, have good interpersonal skills and be adaptable to the demands of this challenging role.

An attractive remuneration package is negotiable according to qualifications and experience. Performance will be rewarded and there are excellent opportunities for career development.

Our client wishes to remain confidential at this stage. Would you therefore please initially send your C.V., quoting reference 1872 to the Confidential Reply Service Manager, Publicity Management Recruitment Limited, 39-41 Gray's Inn Road, London WC1X 8PP.

Please list separately any companies to which you do not wish your response to be forwarded.

All interviews will be held by our client.

CONFIDENTIAL
REPLY SERVICE

PMR

A LONDON MANAGEMENT CONSULTANCY OFFERS EXCITING OPPORTUNITIES AND COMPETITIVE REMUNERATION FOR PROFESSIONALS EXPERIENCED IN:

ACCOUNTING

- Qualified / experienced accountants.
- Accountants with fraud and liquidation expertise.

SECURITIES

- Individuals with general operations expertise at all levels.
- Individuals with share registrar and transfer experience especially at a senior managerial level.
- Individuals with Unit Trust administration expertise.

Please write to Box No. A866, Financial Times, One Southwark Bridge, London SE1 9HL.

Group Financial Director

Construction Industry

c. £40,000 + bonus + share options

West Midlands

Our client, a plc with turnover approaching £20 m., provides a broad range of services nationally to the building industry. Substantial growth of recent years, both by acquisition and organically, is projected to continue at the same hectic rate.

In this new appointment, you will work closely with the Chief Executive to achieve profitable growth through decentralised regional businesses. You will contribute to group strategy and be accountable for overall financial management of the business including the planning, budgeting, management control and business review processes.

Probably aged 30-40, you must be a qualified accountant with senior 'hands on' financial management experience which includes a demonstrable record of profit improvement within a fast-moving business, ideally but not essentially in the construction sector. It is vital that you have the personal development potential and drive to keep pace with the group's growth ambitions.

Please write - in confidence - with full career and salary details to Ian Simons, quoting reference B.27003, MSL International (UK) Ltd, 32 Aybrook Street, London W1M 3JL.

MSL International

Finance Director

Substantial Private Group

South East

Excellent Negotiable Salary & Participation Package

Our Client is a well-established privately-owned organisation with a sustained record of profitable growth. Current annual revenues exceed £50 million from several distinct but market-interrelated business activities, each of which holds a leading position in its field. Strongly financed, conservatively geared and located on the S.E. sector of the M25, our client is ideally placed to react to new growth opportunities. The new position of Group Financial Director has been created to play a pivotal role in this future strategy. Group financial direction and control.

Unbureaucratic and entrepreneurial, the Company owes much of its success to its flexibility and fast response to market changes. As Financial Director, you'll need the spirit, vision and intellectual calibre quickly to assess new situations and to provide innovative solutions. The first major task will be to complete the integration of the diverse accounting and MIS needs of the Group companies - ranging from volume warehousing and distribution of imported equipment to contracting. The dual operational and strategic responsibilities will also include all Group financial

administration and controls, advice on joint ventures, acquisitions and new initiatives. You will control a staff of about 40 people.

A graduate FCA in your 30's to early 40's, you'll have proven experience of man-management at or near board level. This will preferably have been gained in companies of similar size and culture where good communication, negotiating skills and technically sound, pragmatic advice have been regarded as your forte. A strong awareness of modern IT methods and prior experience of mini-based systems introduction will be essential. Salary will not be a constraint for the right person and you are likely already to be earning in excess of £50,000 p.a.

You are asked to write initially, in complete confidence, to myself as Selection Adviser to the Organisation, quoting reference number 1145.

Paul Lichtin
Lichtin Associates Ltd.,
Compton House
20, Selsdon Road
Croydon CR2 6PA

**LICHTIN
Associates**

Financial Analyst International Bank

City

£27,000 + Car + Benefits

A challenging opportunity has arisen for a young Chartered Accountant to join the London Office of an emerging International Commercial and Merchant Bank. With European offices in London and Amsterdam the bank is actively engaged in extending its Continental interests through London and this opportunity provides a unique entry into the early stages of the bank's development.

Reporting to and working alongside the Senior Vice President, the Financial Analyst's brief is broadly based and will offer direct exposure to a diverse range of financial products and to many forms of international investment and lending. The role will be directed toward business development and the financial review of lending proposals which will necessitate developing a close relationship with other financial institutions in the city and overseas.

The ideal person will be aged 25-28 and will have qualified, with a strong academic record, from a major public practice firm. Additionally, personality, energy and creativity are of paramount importance.

For further details contact Charles Cotton, on 071-831 2881 or write with CV to: ASA International, Vernon House, Sicilian Avenue, London, WC1A 2QH.

ASA International



FINANCE DIRECTOR DESIGNATE

London SW8

Wentworth Import and Export Limited is the UK operating subsidiary of The Albert Fisher Group PLC specialising in the importation and distribution of fresh fruit and vegetables.

The company has grown rapidly in recent years and with this expansion set to continue they wish to appoint a Finance Director (Designate), reporting to the Managing Director, who will contribute to the further expansion of the business, assisted by the present Company Accountant.

The successful candidate will be responsible for the day to day control of a busy accounting and administration department covering all aspects of the companies activities, getting involved at a detailed level when necessary. Responsibilities include:-

- Preparation and interpretation of monthly management accounts, both for local management and Group Head Office, within tight reporting deadlines.
- Year end accounts.
- Control of cashflow and the treasury function in a multi-currency environment.
- Budgeting and forecasting.
- Assessing the company's information requirements and installing systems to meet those requirements.

Applicants must be fully qualified with sound managerial and communications skills. Personal attributes will include self-confidence, motivation and a commitment to achieving results of the highest quality. Experience of operating in a trading environment would be beneficial but is not essential.

Applications in confidence enclosing a C.V. to David Cranmer, The Albert Fisher Group PLC, Cippenham Lodge, Cippenham Lane, Slough, Berkshire SL1 5AN



Kingspan group plc

FINANCIAL CONTROLLER

Kingspan Group plc is a progressive, dynamic company and a leading manufacturer in the UK of specialist building components and insulation products for the home and export markets. Due to increased activity and expansion we have vacancies in two of our divisions for Financial Controllers.

BUILDING PRODUCTS DIVISION

Kingspan, based in the West Midlands, is the market leader in insulated panels in the UK. The Group is now investing in this division as part of its strategy to consolidate its market position, extend its product range and expand its market in Continental Europe.

THERMAL INSULATION DIVISION

The Group, through Shelter-Plaschem at Pembridge in Herefordshire, recently acquired the insulation board division of BPB and is now the market leader in the UK in thermal insulation boards where it now operates out of two plants.

The successful candidates will take charge of the total accounts function for the relevant division in the UK and will be part of a small management team charged with controlling, developing and expanding the division in line with Group policy. Preferably, candidates should be qualified but above all should be self-starters, have initiative and an ambition to grow and develop a successful career along with the Kingspan Group.

Kingspan Group plc is an equal opportunities employer.

Application with C.V. to:
Finance Director,
Kingspan Group plc,
New Road, Dudley,
West Midlands DY2 9AZ.



FINANCIAL CONTROLLER

Ambitious Manufacturing Group

North West

£28-30,000
+ bonus + car

With turnover over £10 million, our client Group of companies has already implemented the first phase of its expansion plans by investing extensively in plant and premises. From this solid base, and with its proven success in design and marketing its products, the Group anticipate rapid growth of both core business and new product development.

At this important stage of the Group's development, the Managing Director wishes to appoint a Financial Controller, with a wide-ranging brief. The immediate priority will be to undertake an overall review and upgrade of current systems. You will help improve the timing and quality of management information by establishing tight financial controls and providing leadership to your financial team. In the longer term, yours will be an important voice in strategic matters.

To succeed here, you will be a commercially-minded qualified accountant who enjoys a "hands on" technical involvement in a broad financial role. Sound manufacturing experience and good PC skills are essential. This rapidly-expanding and diversifying Group is able to provide excellent long-term future prospects, including directorship for the successful candidate.

Please apply to our Manchester office where your contacts are Audrey Shaw and Dudley Harrop. Ref M406



Armetyst House, Spring Gardens,
Manchester M2 1EA. Tel: 061-834 0618
Fax: 061-832 9123
Also at: Birmingham, Leeds, Liverpool
and Nottingham
A Division of ASB Bennett Kinsale Plc

FUND RAISING DIRECTOR

DUBLIN BASED

IRE£40k NEGOTIABLE

Co-Operation North aims through managed co-operation to break down the barriers of misunderstanding and mistrust between the two communities North and South, on this island. It is a non-political, non-governmental organisation with offices in Dublin and Belfast. We have been retained to recruit a Fund Raising Director.

The person appointed will be responsible for designing and implementing a fund raising strategy for the Republic of Ireland and for directing the activities of the Fund Raising committee. Negotiation of corporate sponsorship, presentation for funds to various bodies and maintenance of contact with current and potential donors will be important elements of this key position.

Candidates in the 35 to 50 year age group should have a professional or third level qualification. They should have a demonstrable track record of achievement and be experienced in marketing or public relations and management. Strong interpersonal and communications skills together with drive, initiative and tenacity will be hallmarks of the successful appointee.

An attractive remuneration package, with the salary indicated, together with a highly performance related bonus element, will be negotiated with the successful candidate. A company car will be provided and it is envisaged that this appointment will be for an initial three year contract.

Candidates should send full personal, career and salary details to Sean Gannon at Stokes Kennedy Crowley Management Consultants, 1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland, quoting Reference Number 4052.



Stokes Kennedy Crowley

S. BUCKS

£30,000+car

Financial Controller

Recent promotion at this specialist electronic equipment manufacturer has created an excellent career opening for a young ACA/ACCA/ACMA with sufficient commercial experience to control a fast expanding business (£25m p/a). This man-management role reporting to the MD, provides advisory support for overseas subsidiaries and offers control of a profitable US subsidiary. Ref: 26206A4

Contact The Manager at 103 High Street, Maidenhead 0628 72932
Or the PQE Specialist advising on this appointment on 071-489 9997

READING

£25,000+car

Systems Accountant

Reporting to the Financial Controller of a multinational telecoms group, this opportunity involves the development and implementation of corporate systems relating to sales accounting. As a recently qualified, you will be given an overview of a dynamic hi-tech business, enhancement of your existing skills and excellent prospects into a generalist or specialist role. Ref: 25216A3

Contact The Manager at Unit 3, Brunel Arcade, BR Station,
Reading 0734 585588. Or the PQE Specialist advising on this
appointment on 071-489 9997.

N. SURREY

£26,000+car

Financial Controller

This key position in a major customer services plc requires a commercially aware ACA seeking a fresh challenge with staff management responsibility. Reporting to the FD, you will supervise c10 staff, prepare the monthly management reports, control systems, produce budgets/forecasts and oversee balance sheet accounting. Bonus scheme. Ref: 40216A4

Contact The Manager at 1 Cambridge Walk, Camberley 0276 22232
Or the PQE Specialist advising on this appointment on 071-489 9997

W. LONDON

£40,000

Managing Director

This rapidly growing advertising design company currently requires an ambitious and self-motivated Accountant, with commercial and entrepreneurial skills, to establish this new position - the key aspect being policy development to consolidate existing business and initiate new sector growth. Outstanding package. Ref: 18A010

Or the PQE Specialist advising on this appointment at 76 Cannon Street
EC4 on 071-489 9997

KENT

£29,000+mort sub

Senior Project Manager

Opportunity for an analytical Accountant to assume responsibility for the development of financial controls and procedures from feasibility to implementation. Supervising 6 staff, in a computerised environment using McCormack and Dodge software, you'll liaise with DP Departments and software suppliers. Offering an unbeatable remuneration package, this financial services group want to attract first-class professionals. Ref: 16206A3

Contact The Manager at 104 The Broadway, Boxleyheath 081-304 8211
Or the PQE Specialist advising on this appointment on 071-489 9997

S. LONDON

£28,000+car

Financial Controller

A trebling in turnover over the past three years, which is expected to double in the same period, means this international manufacturing subsidiary needs an Accountant to assume responsibility for the company's finances. Able to motivate and lead a team of 5 to deal with anticipated growth, you will report directly to the Managing Director. Ref: 30170A5

Contact The Manager at 5 Wimbledon Bridge SW19 081-947 6271
Or the PQE Specialist advising on this appointment on 071-489 9997

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accountancy

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ext 3392

FINANCIAL TIMES
LONDON & BIRMINGHAM

CEMENT AND SHIPPING GROUP CHIEF ACCOUNTANTS

ATHENS, GREECE
TILBURY, ESSEX

ATTRACTIVE EXPATRIATE
TERMS & BENEFITS

Our Company, a Cement and Shipping Group, is seeking to recruit two qualified accountants to be based at our headquarters in Athens. We also require a qualified accountant to work at one of our UK Company's based in Tilbury, Essex.

Reporting to the Group Finance Director, your responsibilities will include:-

- Preparation of consolidated accounts.
- Management reports and budgetary control, and
- Development of M.I.S.

The posts would suit qualified accountants - ideally with previous overseas experience in shipping and trading. The candidates are expected to travel to various countries where the Group operates. French and/or Italian would be an advantage, but not a requirement. Experience in consolidation and working in a computer environment is also required.

Please send full personal and career details to: G.B. Santchum c/o Lambal Ltd., 40-46 Headfort Place, Belgravia, London SW1X 7DH

Statutory Tax Accountant

Home Counties

To £30,000 + car

This large international organisation is engaged in the design, development and implementation of a comprehensive range of IT systems and services. Restructuring and a focus on key market sectors will provide a strong base for future expansion during the 1990s.

Reporting to the Group Controller and operating as a key member of the small central finance function, you will provide specialist advice and guidance on taxation and related statutory accounting matters. In addition, you will assume responsibility for the on-going review and enhancement of accounting policies and procedures to ensure compliance with UK legislation and standards.

A qualified accountant, aged around 30, you should possess relevant taxation experience gained in industry, commerce or the profession. Exposure to a fast-moving plc or multi national environment would be an added advantage. Excellent technical knowledge should be supplemented by a lively manner, dedication and good communication skills. Prospects will exist for career development and progression in both UK and overseas operations.

Please send full personal and career details in confidence to Stephen Bailey, quoting reference F1010B at Ernst & Young Search and Selection, PO Box 1, 3 Colmore Row, Birmingham B3 2DB.

Ernst & Young

Are you over 45? - and maybe a little disillusioned?

If you are a qualified accountant with a strong commercial background, preferably in a retail company or with a supplier to the retail trade, we may be able to offer you an escape from company politics and an opportunity to reap the rewards of your own efforts.

We are a small group of self-employed professionals (just 19 of us) carrying out a unique service for our clients, including almost all the country's leading retailers, reviewing for overpayments made in previous periods with fees based entirely on recoveries made. Amounts recovered are frequently very significant and after seven years' experience, we rarely now find a review is unproductive. It is challenging and rewarding work, sometimes frustrating, often fun! Average gross fees earned last year were over £60,000.

We currently have a specific requirement for someone resident in Leicester/Northampton area. If you have the positive, lively, self-motivated approach necessary for this work, please send c.v. in confidence to Peter F. Bennett, Ardenoak House, 101 High Street, Tring, Herts.

YOUNG FINANCE DIRECTOR

..... with the enthusiasm to contribute to profit growth
Salary c £32K + bonus Hampshire

Are you a changemaker with high expectations who can work well in a first class team?

Apollo Fire Detectors Limited, a member of the Helms group of companies is the leading UK professional fire detector manufacturer. Over five years, sales have tripled, the company has won two Queen's Awards to Industry and it has launched many new products. And we plan that this growth will continue!

You will be a qualified accountant, probably ACA of above average ability and able to demonstrate success in your career. You must be enthusiastic to make a personal contribution to shaping the company's future and to provide the professional financial support to an ambitious and dynamic board which operates with a substantial degree of autonomy.

This is an exceptional opportunity for a high calibre accountant who is familiar with computer systems to assume responsibility for the entire finance function of an expanding company. Please apply in strict confidence, or telephone for further details to

Mr P A Tott, Director, Helms plc, Helmsmore Court, Redbury Way, Amersham, Bucks HP7 0DE. Tel 0494 721111

apollo



Finance Director

Highly Profitable Construction/Contracting Group

Swindon

c. £40,000 + Executive Car + Bonus

Our client, a privately owned £20 million group, is a profitable and established force in the construction/contracting arena, operating predominantly along the M4 corridor and benefiting from a strong client base.

In order to realise their ambitious growth plans, they now seek a highly motivated accountant, probably aged over 35, to join the Board. This is a challenging hands-on role, in which you will manage the finance function and take responsibility for the provision of timely, accurate management information in addition to refining and upgrading the Group financial systems.

As professional credibility is more important than formal qualifications, it is essential that you have had experience in the construction/contracting industry or a related field. This should be combined with sound commercial judgment and foresight as you will play a key role in enhancing and directing the group's future strategy.

For further details of this Board appointment please contact Andrew Livesey on 071-404 3155 or write to him at Alderwick Peachell & Partners, 125 High Holborn, London WC1V 6QA. Fax: 071 404 0140.

Alderwick
and Peachell
PARTNERS LTD

Director of Finance

c.£40k plus car (potential to £45k+)

An exciting and challenging opportunity to develop financial strategies to maximise an annual turnover of approximately £30m, and as a member of the Board of Management to contribute to the strategic planning and development of the commercial and administrative systems of the Polytechnic. The Director will be the operational Head of the Finance Department and will manage the Polytechnic's resources.

Applications are invited from qualified accountants who are probably also graduates. Experience at a senior level of a commercial or public sector organisation is essential, and within Higher Education an advantage.

Applications to Mr. G. D. Miller, Secretary & Registrar, Polytechnic of East London, Romford Road, Stratford, London, E15 4LZ quoting reference 43/A/90, from whom further information may be obtained. Tel: 081-518 9632.

Closing date 20th July 1990.

The Polytechnic is an Equal Opportunities Employer.

POLYTECHNIC
OF EAST LONDON

Bata

The Bata Shoe Organisation is the leading marketer and manufacturer of footwear, with more than 6000 stores and 70 factories, employing 70,000 people around the world

Bata Nigeria Ltd, is a public company, employing approx. 1500 people, manufacturing leather, canvas and direct Injection Footwear. Its Marketing activities consists of retail, wholesale and dealer operations.

CHIEF FINANCIAL OFFICER

- Preference will be given to candidates with a university degree related to Finance and Administration and C.A. or equivalent designation.
- The candidate should have a minimum of 5 years experience, preferably at an international level.
- This is an interesting opportunity for a self-starting professional who sees a challenge in working in an international environment.

The company offers commensurate remuneration and attractive benefits package along with good career opportunities with the Bata Shoe Organisation

Please write to: Bata Nigeria Ltd., c/o Mr. J. Graham,
Managing Director, The British Bata Shoe Ltd.,
East Tilbury, Grays, Essex. RM18 8RL ENGLAND

Handwritten note: Job not to be done

UK FINANCE DIRECTOR

Central Trailer Rentco is a major part of the successful and dynamic Tiphook Group. It is a leader in European trailer rental with a current fleet of 21,000 trailers in 10 European countries. Growth is targeted to continue.

Reporting to the International Finance Director, you will have overall responsibility for the UK Finance function. You will play a strategic role in the continued growth and success of the Company.

You are likely to be a Graduate ACA/FCA with a proven successful track record. You will be a well-rounded, strong team player seeking an opportunity to demonstrate your initiative and creativity within a challenging environment. Strong analytical and communication skills are essential. You must have experience in hands on pro-active management of a large centralised finance team

Tiphook plc

and have EDP experience. Ideally, you would have a knowledge of UK taxation systems, and strong cash management abilities, and be an active participant in both day to day running of the business and the commercial decision making.

The remuneration and benefits package will reflect the importance of this role.

If you have the skills and background to match our demanding criteria, please submit your CV in complete confidence to:

Central Trailer Rentco

Mrs. Jennifer Bowden,
Director of Human Resources,
Tiphook plc, Lancaster House,
7 Elmfield Road, Bromley,
Kent BR1 1LL
Fax: 081 466 5704. Tel: 081 460 6060.

Acquisitive US Multinational - FMCG - Overseas Travel

International Financial Management

Surrey

c£30,000 + FX Car

Our client is a market leading, multinational foods and consumer products group. An exceptional opportunity has arisen within the small international head office of a business division which has doubled in size in the last three years to over \$1 billion turnover.

Internal promotion has generated the requirement for a high calibre, commercially aware individual to make a major impact on the business. In a very broad financial management role, key areas of responsibilities will include:-

- Balance sheet management
- Review of capital structure and gearing
- Cashflow and working capital management
- Financial analysis and ad hoc projects
- Foreign Exchange management

The successful candidate will be a graduate chartered accountant, aged 27-30, with 2-3 years post qualification experience. Previous exposure to multi currency accounting or treasury management would be advantageous.

Essential personal qualities will include strong interpersonal skills, a high level of commercial acumen and the drive and ambition to succeed within a multinational organisation.

International career development opportunities within this organisation are excellent.

Interested candidates should submit their C.V.'s to

Sajid Baloch MBA, at Michael Page Finance,
Cynnet House, 45-47 High Street,
Leatherhead, Surrey, KT22 8AG
Tel No. 0372 375661.
Fax No. 0372 370101.



Michael Page Finance

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

CAREER CHOICE

The Financial Times proposes to publish a Survey on the above on

17th October 1990

For a full editorial synopsis and advertisement details, please contact:

Nicholas Baker

on 071-873 3351
or write to him at:

Number One, Southwark
Bridge
London SE1 9HL.

FINANCIAL TIMES
LONDON, 1, ABSTRACTS TO THE EDITOR

W&G FINANCIAL CONTROLLER

COLCHESTER
£25,000 + CAR + BENEFITS

Do you have the vision, ambition and commercial flair to seize this opportunity?

As Colchester's most successful independent department store, Williams & Griffin can offer you a first class opportunity to achieve your career objectives with the real prospects of a board appointment in the medium term.

Your brief as Financial Controller will encompass the continued development of computerised accounting systems. Leading a small finance team you will ensure the prompt production of financial information and Statutory Accounts. As the financial member of the business management team you will make a significant contribution to policy decision making and to the future success of the company.

Fully qualified and with an interest or experience in the retail environment, your communication and motivational skills and your business acumen will be paramount to your success.

This is the chance you've been waiting for!



Accountancy Personnel

You don't just count you matter

Hays

A Hays Personnel Services Limited Company

Group Accountant

North East London Salary c.£30,000 + car

Our client is a very successful and profitable veterinary group based in North East London and Essex. The group has been established for over thirty five years and has a number of related interests consisting of quarantine kennels, a veterinary hospital, a pet crematorium and cemetery, a large farm based in Essex and ownership of valuable property in the West End. As a result of their continuing growth and expansion, the Chairman has identified the need for an entrepreneurial and competent accountant to oversee and regulate the company's financial needs.

Reporting directly to the Chairman, the Group Accountant will be fully responsible for the management and financial accounting functions of the Group. This will involve a complete update and review of the existing systems, both manual and computerised. The incumbent will also play a proactive role in the future growth of the Group.

Candidates should be qualified accountants aged between 26-32. A good working knowledge of computerised accounting systems combined with strong delegatory and management skills are essential prerequisites for this highly unusual and challenging role. Interested candidates who meet these criteria should send a comprehensive CV including current salary and a daytime telephone number quoting reference number LM589 to Carol Jardine, Spicers Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.



SPICERS EXECUTIVE SELECTION

A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

LOCATION ACCOUNTANT

c£25k + Quality Car

Cannock

Parker Hannifin are a major US based multi-national corporation and a worldwide leader in manufacturing components and systems for industrial motion control. In the UK we employ around 1,700 people, and are now seeking to recruit a qualified accountant for our largest Division which produces pneumatic equipment for the European market.

The position reports to the Division Controller and is responsible for all aspects of financial control and reporting, management accounting and analyses for the two UK Division locations. The role is a pro-active one of advising operation management on the financial implications of business strategies and policy, and managing a small functional team.

Applicants should be of graduate calibre in a numerate discipline and preferably CIMA qualified with several years' experience in a manufacturing environment. A sound knowledge of standard cost and computerised financial control systems is essential, together with the ability and determination to formulate and influence policy within the business.

Career development opportunities are international and will be limited only by yourself. In addition to performance related salary progression we offer the benefits you would expect of a progressive company including a generous relocation package where appropriate.

If you can meet our requirements and seek a challenging future in an organisation intent on world class manufacturing success please send your C.V., or for an application form contact:

Ronnie Leslie, UK Fluidpower Group Personnel Manager, Parker Hannifin plc, Schrader Bellows Division, Walkmill Lane, Bridgton, Cannock, Staffs. WS11 3LR. Tel: (0543) 462644.

Schrader Bellows

Parker Pneumatic

Financial Controller

Derby

c. £30,000+car

Our client is a rapidly expanding and successful organisation whose primary activity is within the property, construction and building sectors. They now require a motivated and enthusiastic individual to assist the Finance Director in developing and leading their finance function.

Key responsibilities will include:

- establishing and maintaining effective accounting procedures
- preparing all management and consolidated accounts
- supervising an accounts function of 20 personnel
- developing and monitoring computer systems for reporting key management information

Probably aged 30 plus and a qualified ACA or ACCA, you will already have an impressive track record in financial management, and at least five years experience within a similar role. Rewards match the demands, and the appointee can expect to enjoy a competitive salary and all the other executive benefits associated with a prestigious organisation.

If you believe you have the interest and the qualifications to meet this exciting opportunity, please send your CV and a covering letter (including day-time telephone number), quoting ref: FT146 to: Margaret Sherburn Stead

ROBSON RHODES

Chartered Accountants

Management Consultancy Division
Centre City Tower, 7 Hill Street, Birmingham, B5 4UU

FINANCIAL CONTROLLER c£30K

HNB Communications Ltd., currently sell professional broadcast, communication and recording equipment at the leading edge of technology, in the UK and European markets.

We now require an individual with a good grounding Accountancy, to produce all the information necessary for the Board to oversee the future growth of the Company.

We are looking for a self motivated Financial Controller to prepare management information, cash flow and budgetary control, credit control, financial and management accounts.

Candidates are likely to be 27 to 40, with a solid base of practical and theoretical knowledge and good analytical skills. A qualification would be an advantage but accountable experience is essential including computer literacy.

HNB can offer an expanding future for someone who wishes to join this young growing Company.

Company car, pension and other benefits.

Write on one side of A4, why you feel you can do this job, including what experience and ability you can offer and mail with a copy of your current CV to HNB Communications Ltd., 73-75 Scrubs Lane, London NW10 6GU or ring 081-960 2144 ext. 300.

Financial Controller Wholesale Fruiterers Etc

Age 30/40 - Package £35,000/40,000

LONDON LOCATION - NEW COVENT GARDEN

Wholesale food distribution group requires qualified accountant aged between 30 and 40. The person selected will have a direct approach, drive and enthusiasm and be able to deal with all levels of management and be able to assume full financial control. The group is expanding rapidly and it is envisaged that directorship will be offered to the right person after 12 months. Experience of computer systems is a distinct advantage. Only persons with proven commercial/industrial track records and capable of demonstrating a no nonsense approach need apply.

Please reply in first instance with detailed C.V. to Box No. A862, Financial Times, OneSouthwarkBridge, London SE1 9HL

INVESTMENT ACCOUNTANT - Far East Specialisation

John Govett, a long-established but innovative Investment Management Company based in the City, needs a Senior Investment Accountant to assist in its continuing expansion.

The position is an important one, with substantial responsibilities and will be compensated accordingly. The successful candidate, who will report to the Head of Client Reporting, will develop close contact with an expanding investment team covering the Far East.

We are able to offer salary, negotiable around £28,000 p.a., plus a very attractive package of benefits including non-contributory pension and medical benefits.

Applicants, who should be Chartered Accountants with at least two years post qualification experience, should send your CV or telephone Jane Horace at John Govett & Co Limited, Shackleton House, 4 Battle Bridge Lane, London SE1 2HR, Telephone 071-378 7979.

International Fund for Agricultural Development, IFAD (United Nations), Rome, Italy, seeks candidates to fill the post of Treasury Officer at the FS level.

Under the supervision of the Treasurer, and in liaison with the Financial Advisor, the incumbent will be responsible for the management and investment of IFAD's liquid resources, specifically:

- Analyse economic and market information for formulation of investment strategies, and prepare documentation for the Investments Advisory Committee;
- Prepare and update data needed for assessment of the financial status of IFAD;
- Contact eligible banks for deposits and securities operations in conformity with Investment Guidelines;
- Supervise settlement procedures and clear investments accounting entries;
- Analyse investment portfolio to facilitate portfolio management and performance;
- Study market developments, investment instruments and technology and assist in formulating investment policies;
- Other related duties.

Qualifications/Experience: University degree in business administration, banking, economics or related field. Five years experience in banking or financial management, preferably in a financial institution. Good knowledge of portfolio management, preferably in a financial institution. Good knowledge of computers. Full command of English knowledge of Arabic, French or Spanish would be an advantage.

Depending on experience/qualifications net base salary from US\$ 25,476 to US\$ 36,997. Cost of living allowance subject to change according to United Nations Overseas system from US\$ 1,147 to US\$ 19,465.

Initial contract: two years

Deadline for applications: 03 August 1990

Send two copies of application to:

IFAD Personnel Division

Via del Serraglio, 117

00142 ROME

ITALY

Only shortlisted candidates will receive an acknowledgedgement.

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John H. H. H.